

COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF THE

CITY OF

WILLMAR, MINNESOTA

FOR THE

YEAR ENDED

DECEMBER 31, 2006

DIVISION OF FINANCE

**STEVEN B. OKINS, DIRECTOR OF FINANCE
MEMBER OF THE GOVERNMENT FINANCE OFFICER'S
ASSOCIATION OF THE UNITED STATES AND CANADA &
MINNESOTA FINANCE OFFICERS ASSOCIATION**

**CITY OF WILLMAR, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

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CITY OF WILLMAR, MINNESOTA

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WILLMAR, MINNESOTA

2006

CITY COUNCIL

LESTER HEITKE, MAYOR

COUNCIL MEMBERS:

DENIS ANDERSON

BRUCE DEBLIECK

RON CHRISTIANSON

STEVE GARDNER

CINDY SWENSON

RICK FAGERLIE

JAMES DOKKEN

DOUG REESE

FINANCE DIRECTOR

STEVEN B. OKINS

CITY ADMINISTRATOR

MICHAEL C. SCHMIT

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - I

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Willmar, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota (the City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Rice Memorial Hospital and Willmar Municipal Utilities, which represent 100 percent, and 100 percent, and 100, percent, respectively, of the assets [net assets], and revenues of Rice Memorial Hospital and Willmar Municipal Utilities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Rice Memorial Hospital and Willmar Municipal Utilities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the City as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 1 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combined, combining, individual fund, and account group statements and schedules are presented for purposes of additional analysis. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Neither is a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial information listed as Statistical Section in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Willmar, Minnesota. The information has not been subjected to the auditing procedures applied in the audit of the financial statements.

Westberg Eischens, PLLP

WESTBERG EISCHENS, PLLP

August 17, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Mayor and City Council
City of Willmar, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Willmar, Minnesota, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting what we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of State Agencies, management and others within the organization and the City Council and is not intended to be and should not be used by anyone other than those specified parties.

Westberg Eischens, PLLP

WESTBERG EISCHENS, PLLP

August 17, 2007

AUDITOR'S REPORT ON LEGAL COMPLIANCE

Mayor and City Council
City of Willmar, Minnesota

We have audited the basic financial statements of the City of Willmar, Minnesota, as of and for the year ended December 31, 2006, and have issued our report thereon dated August 17, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Sec.6.65. Accordingly, the audit included such tests of the accounting records and other auditing procedures, as we considered necessary in the circumstances.

The Minnesota Legal Compliance Audit Guide for Local Government covers seven main categories of compliance to be tested: Contracting and Bidding, Deposits and Investments, Conflicts of Interest, Public Indebtedness, Claims and Disbursements, miscellaneous provisions, and Tax Increment Financing. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, the City of Willmar complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the use of The City of Willmar and the Office of the Minnesota State Auditor and is not intended to be, and should not be, used by anyone other than those specified parties.

Westberg Eischens, PLLP
WESTBERG EISCHENS, PLLP

August 17, 2007

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council
City of Willmar, Minnesota

Compliance

We have audited the compliance of the City of Willmar, Minnesota, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City of Willmar, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Willmar, Minnesota's management. Our responsibility is to express an opinion on the City of Willmar, Minnesota's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Willmar, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Willmar, Minnesota's compliance with those requirements.

In our opinion, the City of Willmar, Minnesota, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the City of Willmar, Minnesota, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Willmar, Minnesota's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which

the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, City Council, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Westberg Eischens, PLLP

WESTBERG EISCHENS, PLLP

August 17, 2007

CITY OF WILLMAR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

Federal Grantor Pass-Through Grantor Program Title	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Transportation		
MN Department of Transportation		
Airport Improvement Program	20.106	\$ 1,473,364
Department of Housing and Urban Development		
MN DTED		
Community Development Block Grant	14.228	400,000
Homeland Security		
Federal Direct		
Firefighters Grant	83.554	22,279
Bureau of Justice		
Federal Direct		
Bulletproof Vest Partnership	16.607	<u>1,116</u>
		<u>\$ 1,896,759</u>

CITY OF WILLMAR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Willmar and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF WILLMAR, MINNESOTA

FINANCIAL SECTION - II

Management's Discussion and Analysis

As management of the City of Willmar, we offer readers of the City of Willmar's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006.

Financial Highlights

The assets of the City of Willmar exceeded its liabilities at the close of the most recent fiscal year by \$86,996,686 (Net Assets). Of this amount, \$8,610,668 (Unrestricted Net Assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policy.

The government's total net assets increased by \$3,661,620.

As of the close of the current fiscal year, the City of Willmar's governmental funds reported combined ending fund balances of \$30,957,535, an increase of \$4,825,753 in comparison with the prior year.

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Reserved	\$ 79,999	\$ 3,629,417	\$ 4,575,028	\$ 0	\$ 8,284,444
Designated	15,553,337	0	6,642,022	477,732	22,673,091
Undesignated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 15,633,336</u>	<u>\$ 3,629,417</u>	<u>\$11,217,050</u>	<u>\$ 477,732</u>	<u>\$ 30,957,535</u>

The City of Willmar's total long-term debt increased by \$7,276,201 during the current fiscal year from \$20,219,877 to \$27,496,078. This increase was due primarily to the issuance of \$1,950,000 for the City's General Obligation Special Assessments Bond and \$6,850,000 for the City's General Obligation Waste Treatment Revenue Bond.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Bonds/Notes Payable	\$ 11,542,359	\$ 1,950,000	\$ 651,804	\$12,840,555
Compensated Absences	<u>1,907,137</u>	<u>0</u>	<u>0</u>	<u>1,907,137</u>
Total Governmental Activities	13,449,496	\$ 1,950,000	\$ 651,804	\$14,747,692
Business-Type Activities:				
Bonds Payable	<u>6,770,381</u>	<u>6,850,000</u>	<u>871,995</u>	<u>12,748,386</u>
Total Business-Type Activities	6,770,381	6,850,000	871,995	12,748,386
Total City Long-Term Liabilities	<u>\$ 20,219,877</u>	<u>\$ 8,800,000</u>	<u>\$1,523,799</u>	<u>\$27,496,078</u>

Overview of the Financial Statements

The City of Willmar's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Willmar's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City of Willmar's assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Willmar is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Willmar that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Willmar include General Government, Public Safety, Public Works, Social Services, Culture and Recreation, Economic Development, Capital Projects, and Debt Service. The business-type activities of the City of Willmar include the Waste Treatment Plant.

The government-wide financial statements include not only the City of Willmar itself (known as the Primary Government), but also a legally separate hospital and a legally separate Municipal Utility for which the City of Willmar is financially accountable. Financial information for these Component Units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10 – 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Willmar, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Willmar can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Willmar maintains four types of governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Willmar adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 – 22 of this report.

Proprietary Funds. The City of Willmar maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Willmar uses enterprise funds to account for its Waste Treatment Plant. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the city of Willmar's various functions. The City of Willmar uses internal service funds to account for its office services and for making loans to construction projects until funding can be obtained. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included with Governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waste Treatment Plant which is considered to be a major fund of the city of Willmar. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23 – 25 of this report.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Willmar's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26 – 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 – 55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain statistical information which can be found on pages 92 - 105 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal services are presented on pages 56 - 88 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Willmar, assets exceeded liabilities by \$86,996,686 at the close of the most recent fiscal year.

The largest portion of the City of Willmar's net assets (\$58,795,596 or 68%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Willmar uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Willmar's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Willmar's Net Assets

	Governmental Activities <u>2006</u>	Business-Type Activities <u>2006</u>	Total <u>2006</u>
Current & Other Assets	\$ 50,927,089	\$ 7,207,626	\$ 58,134,715
Capital Assets	<u>110,316,627</u>	<u>21,035,212</u>	<u>131,351,839</u>
Total Assets	<u>\$ 161,243,716</u>	<u>\$ 28,242,838</u>	<u>\$ 189,486,554</u>
 Long-Term Liabilities Outstanding	 \$ 14,756,698	 \$ 12,748,386	 \$ 27,505,084
Other Liabilities	<u>74,932,412</u>	<u>52,372</u>	<u>74,984,784</u>
Total Liabilities	<u>\$ 89,689,110</u>	<u>\$ 12,800,758</u>	<u>\$ 102,489,868</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 54,659,494	\$ 4,136,102	\$ 58,795,596
Restricted	8,284,444	11,305,978	19,590,422
Unrestricted	<u>8,610,668</u>	<u>0</u>	<u>8,610,668</u>
Total Net Assets	<u><u>\$ 71,554,606</u></u>	<u><u>\$ 15,442,080</u></u>	<u><u>\$ 86,996,686</u></u>

A portion of the City of Willmar's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8,610,668) may be used to meet the City's ongoing obligations to citizens and creditors.

There was an increase of \$194,733 in restricted net assets reported in connection with the City of Willmar's business type activities.

Governmental Activities. Governmental activities increased the City of Willmar's net assets by \$2,802,474. The following reflects this information:

City of Willmar's Changes in Net Assets

	Governmental Activities <u>2006</u>	Business-Type Activities <u>2006</u>	Total <u>2006</u>
Revenues:			
Program Revenues:			
Charges For Services	\$ 754,191	\$ 2,968,670	\$ 3,722,861
Capital Grants & Contributions	8,778,043	0	8,778,043
General Revenues:			
Property Taxes	4,215,909	0	4,215,909
Licenses & Permits	1,049,922	0	1,049,922
Fines & Forfeits	276,797	0	276,797
Special Assessments	1,607,509	0	1,607,509
Miscellaneous	2,151,116	269,019	2,420,135
Gain (Loss) on Sale of Capital Assets	2,188,648	10,325	2,198,973
Intergovernmental	<u>8,496,439</u>	<u>0</u>	<u>8,496,439</u>
Total Revenues	\$29,518,574	\$ 3,248,014	\$ 32,766,588
Expenses:			
General Government	\$ 2,638,867	\$ 0	\$ 2,638,867
Public Safety	3,890,662	0	3,890,662
Public Works	2,865,920	0	2,865,920
Social Services	38,000	0	38,000
Culture and Recreation	1,732,007	0	1,732,007
Economic Development	187,511	0	187,511
Capital Projects	11,449,701	0	11,449,701
Debt Service	2,317,583	0	2,317,583
Depreciation	2,756,411	0	2,756,411
Waste Treatment	0	2,263,868	2,263,868
Office Services	21,558	0	21,558
Uncompensated Absences	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$27,898,220	\$ 2,263,868	\$ 30,162,088
Increase (Decrease) In Net Assets Before Transfers	\$ 1,620,354	\$ 984,146	\$ 2,604,500
Transfers	<u>1,182,120</u>	<u>(125,000)</u>	<u>1,057,120</u>
Increase (Decrease) in Net Assets	2,802,474	859,146	3,661,620
Net Assets January 1, 2006	<u>68,752,132</u>	<u>14,582,934</u>	<u>83,335,066</u>
Net Assets December 31, 2006	<u>\$71,554,606</u>	<u>\$ 15,442,080</u>	<u>\$ 86,996,686</u>

Business-Type Activities. Business-type activities increased the City of Willmar's net assets by \$859,146.

Financial Analysis of the Government's Funds

As noted earlier, the City of Willmar uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Willmar's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Willmar's financing requirements. In particular, Unreserved Fund Balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Willmar's Governmental Funds reported combined ending fund balances of \$30,957,535 which is an increase of \$4,825,753 from the prior year. Approximately 73% of the ending total (\$22,673,091) constitutes the Unreserved Fund Balance which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for 1) Petty Cash (\$2,350), 2) Prepaid Items (\$81,782), 3) Working Capital (\$70,895), and 4) to pay Debt Service (\$8,129,417).

The General Fund is the chief operating fund of the City of Willmar. At the end of the current fiscal year, the Unreserved Fund Balance of the General Fund was \$15,553,337 while the Total Fund Balance was \$15,633,336. As a measure of the General Fund's liquidity, it may be useful to compare both Unreserved Fund Balance and Total Fund Balance to Total Fund Expenditures. Unreserved Fund Balance represents 142% of total General Fund expenditures, while Total Fund Balance represents 143% of that same amount.

The Fund Balance of the City of Willmar, General Fund increased by \$665,965 during the current fiscal year.

The Debt Service Fund has a total fund balance of \$3,629,417, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service funds was \$891,100.

Proprietary Funds. The City of Willmar's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total increase in Net Assets for the Waste Treatment Plant was \$859,146.

General Fund Budgetary Highlights

An increase occurred between the original budgeted revenues and the final amended budgeted revenues of \$10,220. Total Public Safety increased \$8,600 and Total Miscellaneous Revenue increased \$1,620.

An increase occurred between the original budgeted expenditures and the final amended budgeted expenditures of \$36,320. Total General Government decreased \$8,728; Public Safety increased \$67,000; Public Works decreased \$22,652; and Culture & Recreation increased \$700.

Capital Asset and Debt Administration

Capital Assets. The City of Willmar's Investment in Capital Assets for its Governmental and Business-Type activities as of December 31, 2006, amounted to \$58,795,596 (net of Accumulated Depreciation and Related Debt). This investment in capital assets includes Land, Buildings and Structures, Systems, Other Improvements, Office Equipment, and Machinery and Equipment. The total increase was \$96,650 from the previous fiscal year. Governmental Activities decreased \$567,763 and Business-Type Activities increased \$664,413.

City of Willmar's Capital Assets (Amounts shown are net of depreciation)

	Governmental Activities <u>2006</u>	Business-Type Activities <u>2006</u>	Total <u>2006</u>
Land	\$ 3,683,558	\$ 321,370	\$ 4,004,928
Buildings & Structures	5,011,751	11,145,635	16,157,386
Other Improvements	41,292,307	2,033,570	41,637,852
Office Equipment	1,293,000	345,545	1,632,091
Machinery & Equipment	<u>3,378,878</u>	<u>339,091</u>	<u>5,412,448</u>
Sub-total	\$ 54,659,494	\$ 14,185,211	\$ 68,844,705
Construction in Progress	<u>55,657,133</u>	<u>6,850,000</u>	<u>62,507,133</u>
Total	\$ 110,316,627	\$ 21,035,211	\$131,351,838
Less Related Debt	<u>0</u>	<u>16,899,109</u>	<u>16,899,109</u>
Capital Assets Net of Depreciation and Related Debt	<u>\$ 110,316,627</u>	<u>\$ 4,136,102</u>	<u>\$114,452,729</u>

Additional information on the City of Willmar's Capital Assets can be found in Note 4.C. on pages 41 and 42 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Willmar had total bonded debt outstanding of \$27,496,078. Of this amount, \$10,290,000 is special assessments debt for which the government is liable in the event of default by the property owners subject to the assessment, \$14,743,386 comprises General Obligation Revenue Bonds, and \$555,555 is attributable to Notes Payable regarding Tax Increment Financing Projects.

Additional long-term debt in the amount of \$1,907,137 is for compensated absences.

City of Willmar's Outstanding Debt

	Governmental Activities <u>2006</u>	Business-Type Activities <u>2006</u>	Total <u>2006</u>
General Obligation Bonds/Notes Payable:			
G.O. Special Assessments	\$ 10,290,000	\$ 0	\$ 10,290,000
General Obligation Revenue Bonds	1,995,000	12,748,386	14,743,386
Notes Payable/Tax Increment Financing	<u>555,555</u>	<u>0</u>	<u>555,555</u>
 Total Bonds/Notes Payable	 <u>\$ 12,840,555</u>	 <u>\$ 12,748,386</u>	 <u>\$ 25,588,941</u>
 Compensated Absences	 <u>1,907,137</u>	 <u>0</u>	 <u>1,907,137</u>
 Total	 <u><u>\$ 14,747,692</u></u>	 <u><u>\$ 12,748,386</u></u>	 <u><u>\$ 27,496,078</u></u>

The City of Willmar's total debt increased by \$ 7,276,201 during the current fiscal year. The key factor in the increase was the issuance of the General Obligation Special Assessments Bond of \$1,950,000 and the General Obligation Waste Treatment Revenue Bond of \$6,850,000.

The City of Willmar maintained its current rating from Moody's of an "A1".

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total market valuation. The current debt limitation for the City of Willmar is \$18,199,044.

Additional information on the City of Willmar's long-term debt can be found in Note 4.E. on pages 45 - 49 of this report.

Contact Information. This financial report is designed to provide a general overview of the City of Willmar's finances for all those with an interest in the City's finances. If you have questions about the report or need additional financial information, please contact the finance department at the City of Willmar, 333 SW 6th Street, Willmar, MN 56201 or by phone at (320) 235-4984.

CITY OF WILLMAR, MINNESOTA

STATEMENT OF NET ASSETS
GOVERNMENTAL FUND TYPES, PROPRIETARY FUND TYPES, ACCOUNT GROUPS & COMPONENT UNITS

December 31, 2006

	Primary Government			Memorandum Only 2005 Total	Component Units	
	Governmental Activities	Business-Type Activities	Total		Municipal Utilities Commission	Rice Memorial Hospital
<u>Assets</u>						
Cash and Cash Equivalents	\$ (93,379)	\$ 7,506	\$ (85,873)	\$ (2,593,305)	\$ 382,924	\$ 4,422,107
Investments	28,365,446	7,400,000	35,765,446	36,479,346	5,700,645	6,366,052
Receivables (Net of Allow for Uncollect)						
Taxes Receivable	4,303,046	-	4,303,046	3,494,716	-	-
Special Assessments	6,556,894	-	6,556,894	6,693,943	-	-
Accounts Receivable	216,754	14,646	231,400	244,830	2,751,718	13,284,748
Notes Receivable	368,736	-	368,736	718	-	-
Related-Party Investments	-	-	-	-	-	3,662,207
N.S.F. Receivable	333	-	333	68	-	-
Accrued Interest Receivable	370,391	78,700	449,091	285,486	-	-
Intergovernmental Receivable	2,652,343	-	2,652,343	4,180,941	-	-
Due from Component Unit	-	-	-	-	-	-
Internal Balances	301,000	(301,000)	-	-	-	-
Inventories	47,791	3,846	51,637	89,801	780,553	2,141,614
Prepaid Items	943,639	3,928	947,567	190,067	371,390	1,011,938
Deferred Charges						
Bond Discount Unamortized	24,570	-	24,570	27,300	66,278	648,017
Bond Refunding Escrow account	-	-	-	-	-	-
Restricted Assets:						
Temporarily Restricted:						
Cash and Cash Equivalents	78,525	-	78,525	2,322,190	-	190,266
Cash With Fiscal Agent	-	-	-	-	-	-
Investments	6,791,000	-	6,791,000	817,000	10,805,492	6,212,228
Capital Expenditure Account	-	-	-	-	-	-
Permanently Restricted:						
Investments	-	-	-	-	-	-
Capital Assets (net of accumulated depreciation)						
Land	3,683,558	321,370	4,004,928	3,929,368	824,003	2,578,608
Buildings and Structures	5,011,751	11,145,636	16,157,387	15,276,106	945,954	59,145,000
Systems	-	-	-	-	17,350,757	-
Other Improvements	41,292,307	2,033,570	43,325,877	45,527,932	132,446	571,000
Office Equipment	1,293,000	345,545	1,638,545	1,390,269	135,037	-
Machinery and Equipment	3,378,878	339,091	3,717,969	3,869,840	1,282,599	12,655,000
Construction in Progress	55,657,133	6,850,000	62,507,133	47,108,436	1,401,916	87,000
Amount Available in Debt Service Funds	-	-	-	-	-	-
Amount to be Provided	-	-	-	-	-	-
Other Assets	-	-	-	-	275,371	46,975
Total Assets	<u>\$ 161,243,716</u>	<u>\$ 28,242,838</u>	<u>\$ 189,486,554</u>	<u>\$ 169,335,052</u>	<u>\$ 43,207,083</u>	<u>\$ 113,022,760</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA

STATEMENT OF NET ASSETS
GOVERNMENTAL FUND TYPES, PROPRIETARY FUND TYPES, ACCOUNT GROUPS & COMPONENT UNITS

December 31, 2006

	Primary Government			Memorandum Only 2005 Total	Component Units	
	Governmental Activities	Business-Type Activities	Total		Municipal Utilities Commission	Rice Memorial Hospital
<u>Liabilities</u>						
Accounts Payable and Other Current Liabilities	7,071,265	52,372	7,123,637	5,908,311	1,954,564	10,552,362
Matured Bonds and Interest Payable	-	-	-	-	-	-
Accrued Interest Payable	407,791	-	407,791	385,976	70,630	1,047,969
Due to Component Units	-	-	-	155,860	-	-
Due to Primary Government	-	-	-	-	227,156	-
Intergovernmental Payable	71,330	-	71,330	-	-	-
Deferred/Unrealized Revenue	11,724,893	-	11,724,893	12,221,526	-	-
Uncompensated Absences	1,907,137	-	1,907,137	1,907,137	1,262,395	-
Bonds/Notes Payable:						
Due within one year	1,369,006	1,008,367	2,377,373	1,851,995	970,960	1,585,303
Due in more than one year	11,480,555	11,740,019	23,220,574	16,460,745	2,620,000	52,892,127
Authorized Construction	55,657,133	-	55,657,133	47,108,436	-	1,289,362
Total Liabilities	89,689,110	12,800,758	102,489,868	85,999,986	7,105,705	67,367,123
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	\$ 54,659,494	\$ 4,136,102	58,795,596	58,698,946	\$ 18,481,752	\$ 19,476,868
Restricted For:						
Contributed Capital	-	4,150,724	4,150,724	4,524,188	-	-
Designated Improvements	-	1,698,770	1,698,770	1,698,770	-	-
Debt Service	8,129,417	-	8,129,417	12,126,604	3,590,960	3,730,910
Working Capital	70,895	-	70,895	70,895	-	-
Other Purposes	84,132	5,456,484	5,540,616	178,008	7,214,532	2,671,584
Unrestricted	8,610,668	-	8,610,668	6,037,655	6,814,134	19,776,275
Total Net Assets	\$ 71,554,606	\$ 15,442,080	\$ 86,996,686	\$ 83,335,066	\$ 36,101,378	\$ 45,655,637

The notes to the financial statements are an integral part of this statement.

**City of Willmar
Statement of Activities
For the Year Ended December 31, 2006**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	\$ 2,638,867	\$ 16,139	\$ -
Public Safety	3,890,662	156,344	-
Public Works	2,865,920	84,444	-
Social Services	38,000	-	-
Culture and Recreation	1,732,007	467,245	-
Economic Development	187,511	-	-
Capital Projects	11,449,701	-	8,778,043
Debt Service	2,317,583	-	-
Depreciation	2,756,411	-	-
Total Governmental Activities	<u>27,876,662</u>	<u>724,172</u>	<u>8,778,043</u>
Business-Type Activities:			
Waste Treatment	2,263,868	2,968,670	-
Office Services	21,558	30,019	-
Public Improve Revolving Loans	-	-	-
Total Business-Type Activities	<u>2,285,426</u>	<u>2,998,689</u>	<u>-</u>
Total Primary Government	<u>\$ 30,162,088</u>	<u>\$ 3,722,861</u>	<u>\$ 8,778,043</u>
Component Units:			
Municipal Utilities	\$ 19,048,729	\$ 21,187,817	\$ -
Rice Memorial Hospital	89,985,672	86,754,571	-
Total Component Units	<u>\$ 109,034,401</u>	<u>\$ 107,942,388</u>	<u>\$ -</u>

General Revenues(Expenses):
Property Taxes
Licenses and Permits
Fines and Forfeits
Special Assessments
Miscellaneous
Gain (Loss) on sale of Capital Assets
Interest Expense
Intergovernmental
Uncompensated Absences
Transfers
Total General Revenues /Transfers
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Memorandum Only 2005 Total	Municipal Utilities Commission	Rice Memorial Hospital
\$ (2,622,728)	\$ -	\$ (2,622,728)	\$ (2,468,082)	\$ -	\$ -
(3,734,318)	-	(3,734,318)	(3,486,160)	-	-
(2,781,476)	-	(2,781,476)	(2,578,781)	-	-
(38,000)	-	(38,000)	(16,000)	-	-
(1,264,762)	-	(1,264,762)	(1,289,344)	-	-
(187,511)	-	(187,511)	(453,508)	-	-
(2,671,658)	-	(2,671,658)	(5,254,112)	-	-
(2,317,583)	-	(2,317,583)	(4,080,519)	-	-
(2,756,411)	-	(2,756,411)	(2,593,024)	-	-
(18,374,447)	-	(18,374,447)	(22,219,530)	-	-
-	704,802	704,802	(50,813)	-	-
8,461	-	8,461	5,716	-	-
-	-	-	-	-	-
8,461	704,802	713,263	(45,097)	-	-
\$ (18,365,986)	\$ 704,802	\$ (17,661,184)	\$ (22,264,627)	\$ -	\$ -
-	-	-	-	2,139,088	-
-	-	-	-	-	(3,231,101)
-	-	-	-	2,139,088	(3,231,101)
4,215,909	-	4,215,909	2,435,037	-	-
1,049,922	-	1,049,922	707,981	-	-
276,797	-	276,797	230,762	-	-
1,607,509	-	1,607,509	1,170,432	-	-
2,151,116	269,019	2,420,135	1,896,898	660,019	1,512,116
2,188,648	10,325	2,198,973	5,644,107	(32,418)	2,001
-	-	-	-	(153,264)	-
8,496,439	-	8,496,439	6,047,404	-	-
-	-	-	-	-	-
1,182,120	(125,000)	1,057,120	500,773	(1,644,600)	(187,500)
21,168,460	154,344	21,322,804	18,633,394	(1,170,263)	1,326,617
2,802,474	859,146	3,661,620	(3,631,233)	968,825	(1,904,484)
68,752,132	14,582,934	83,335,066	86,506,350	35,132,553	47,560,121
\$ 71,554,606	\$ 15,442,080	\$ 86,996,686	\$ 82,875,117	\$ 36,101,378	\$ 45,655,637

CITY OF WILLMAR, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 21,613	\$ (187,560)	\$ (27,620)	\$ (193,567)
Investments	15,590,246	2,347,350	9,708,850	27,646,446
Receivables (Net of Allowance for Uncollect)				
Taxes Receivable	60,889	3,596,975	645,182	4,303,046
Assessments	2,198	5,512,669	1,042,027	6,556,894
Accounts Receivable	89,603	-	116,601	206,204
Intergovernmental Receivable	-	28,422	2,588,157	2,616,579
N.S.F. Receivable	333	-	-	333
Accrued Interest Receivable	165,776	24,974	171,980	362,730
Notes Receivable	717	-	368,019	368,736
Due From Other Funds	588,051	336,616	1,380,718	2,305,385
Inventories	42,615	-	-	42,615
Prepaid Items	77,699	861,299	4,083	943,081
Restricted Assets:				
Cash and Cash Equivalents	-	-	177,712	177,712
Investments	-	-	6,791,000	6,791,000
Unamortized Discounts On Bonds	-	24,570	-	24,570
Work In Progress	-	-	55,657,133	55,657,133
Total Assets	<u>\$ 16,639,740</u>	<u>\$ 12,545,315</u>	<u>\$ 78,623,842</u>	<u>\$ 107,808,897</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 139,841	\$ 18,763	\$ 64,853	\$ 223,457
Contracts Payable	204	-	6,847,354	6,847,558
Due to Other Funds	835,299	305,718	1,177,313	2,318,330
Deferred Revenue	-	8,584,918	3,076,887	11,661,805
Notes Payable	-	9,006	-	9,006
Deposits	(777)	-	-	(777)
Intergovernmental Payable	(31,683)	(2,507)	105,520	71,330
Unrealized Revenue - Taxes	60,889	-	-	60,889
Unrealized Revenue - Sp. Assmts	2,199	-	-	2,199
Sales Tax Payable	432	-	-	432
Authorized Construction	-	-	55,657,133	55,657,133
Total Liabilities	<u>1,006,404</u>	<u>8,915,898</u>	<u>66,929,060</u>	<u>76,851,362</u>
Fund Balances				
Reserved for:				
Petty Cash	2,300	-	50	2,350
Prepaid Items	77,699	-	4,083	81,782
Working Capital	-	-	70,895	70,895
Debt Service	-	3,629,417	4,500,000	8,129,417
Unreserved, reported in:				
General Fund	15,553,337	-	-	15,553,337
Special Revenue Fund	-	-	6,642,022	6,642,022
Capital Projects Funds	-	-	477,732	477,732
Total Fund Balances	<u>15,633,336</u>	<u>3,629,417</u>	<u>11,694,782</u>	<u>30,957,535</u>
Total Liabilities and Fund Balances	<u>\$ 16,639,740</u>	<u>\$ 12,545,315</u>	<u>\$ 78,623,842</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources so they are not reported in the funds	54,659,494
Internal service funds are used to charge the applicable costs to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net assets.	1,093,060
Uncompensated Absences is considered long term so not reported in the funds	(1,907,137)
Accrued interest on bonds payable considered long term so not reported in the funds	(407,791)
Bonds/Notes Payable considered long term so not reported in the funds	(12,840,555)
Net assets of governmental activities	<u>\$ 71,554,606</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WILLMAR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	General	Debt Service	Other Government Funds	Total Governmental Funds
REVENUES				
General Property Taxes	\$ 2,329,488	\$ 29,572	\$ 1,856,849	\$ 4,215,909
Licenses and Permits	555,632	-	494,290	1,049,922
Intergovernmental	5,097,585	-	3,398,854	8,496,439
Service Charges	722,690	-	1,482	724,172
Fines and Forfeits	276,797	-	-	276,797
Special Assessments	1,655	1,364,675	241,179	1,607,509
Miscellaneous Revenue	1,241,889	100,792	766,709	2,109,390
Total Revenues	<u>10,225,736</u>	<u>1,495,039</u>	<u>6,759,363</u>	<u>18,480,138</u>
EXPENDITURES				
Current:				
General Government	2,638,867	-	-	2,638,867
Public Safety	3,890,662	-	-	3,890,662
Public Works	2,865,920	-	-	2,865,920
Social Services	38,000	-	-	38,000
Culture & Recreation	1,502,077	-	229,930	1,732,007
Economic Development	-	-	187,511	187,511
Debt Service:				
Principal	-	635,000	-	635,000
Other Charges and Services	-	362,572	-	362,572
Capital Outlay:				
Capital Projects Funds	-	-	11,449,701	11,449,701
Total Expenditures	<u>10,935,526</u>	<u>997,572</u>	<u>11,867,142</u>	<u>23,800,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(709,790)</u>	<u>497,467</u>	<u>(5,107,779)</u>	<u>(5,320,102)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,380,791	396,246	1,107,615	3,884,652
Operating Transfers Out	(1,005,036)	(2,613)	(1,509,191)	(2,516,840)
Bond Proceeds	-	-	8,778,043	8,778,043
Total Other Financing Sources (Uses)	<u>1,375,755</u>	<u>393,633</u>	<u>8,376,467</u>	<u>10,145,855</u>
Net Change in Fund Balances	<u>665,965</u>	<u>891,100</u>	<u>3,268,688</u>	<u>4,825,753</u>
Fund Balances - Beginning	<u>14,967,371</u>	<u>2,738,317</u>	<u>8,426,094</u>	<u>26,131,782</u>
Fund Balances - Ending	<u>\$ 15,633,336</u>	<u>\$ 3,629,417</u>	<u>\$ 11,694,782</u>	<u>\$ 30,957,535</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006

Amounts reported for Governmental Activities in the Statement of Activities (pages 12 & 13) are different because:

Net Change in Fund Balances-Total Governmental Funds (page 15)	\$ 2,685,227
Internal service funds are used by management to charge the costs of office supplies to individual funds	\$ (135,505)
2006 Depreciation Expense- Governmental Funds	\$ (2,756,411)
2006 Reduction in Depreciation due to Asset Disposal	\$ -
Difference between 12/31/05 and 12/31/06 Balance of Bonds/Notes Payable-Governmental Funds	\$ (1,298,196)
Difference between 12/31/05 and 12/31/06 Balance of Interest Payable-Governmental Funds	\$ (21,815)
2006 Uncompensated Absences Expense	\$ -
Increase in Fixed Assets during 2006-Governmental Funds	\$ 2,188,648
	<hr/>
Change in Net Assets of Governmental Activities (pages 12 & 13)	<u><u>\$ 661,948</u></u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES				
Current Ad Valorem	\$ 2,335,677	\$ 2,335,677	\$ 2,294,467	\$ (41,210)
Delinquent Ad Valorem	50,000	50,000	35,021	(14,979)
TOTAL TAXES	<u>2,385,677</u>	<u>2,385,677</u>	<u>2,329,488</u>	<u>(56,189)</u>
LICENSES/PERMITS				
Business License/Permit	37,500	37,500	50,109	12,609
Non-Business License/Permit	277,800	277,800	505,523	227,723
TOTAL LICENSES & PERMITS	<u>315,300</u>	<u>315,300</u>	<u>555,632</u>	<u>240,332</u>
INTERGOVERNMENTAL				
FEDERAL GOVERNMENT				
Rent	500	500	500	-
STATE GRANTS				
Local Government Aid	4,383,821	4,383,821	4,383,821	-
Police Department Aid	148,000	148,000	157,800	9,800
State Grant	-	-	11,001	11,001
P.E.R.A. Aid	172,146	172,146	172,146	-
Airport Aid	42,000	42,000	43,362	1,362
MFG Home HACA	-	-	307	307
Fire Department Aid	95,000	95,000	97,334	2,334
Shared Highway User Tax	163,000	163,000	164,119	1,119
COUNTY GRANTS				
Kandiyohi County Highways	3,795	3,795	3,795	-
SCHOOL DISTRICT #347				
School Liaison Officer	63,400	63,400	63,400	-
TOTAL INTERGOVERNMENTAL	<u>5,071,662</u>	<u>5,071,662</u>	<u>5,097,585</u>	<u>25,923</u>
SERVICE CHARGES				
General Government	15,000	15,000	16,139	1,139
Public Safety	143,750	152,350	156,344	3,994
Buildings & Grounds	10,600	10,600	12,262	1,662
Civic Center	255,880	255,880	291,959	36,079
Leisure Services	174,195	174,195	162,893	(11,302)
Highways & Streets	10,100	10,100	18,467	8,367
Senior Citizens	9,250	9,250	10,911	1,661
Transportation (Airport)	56,000	56,000	53,715	(2,285)
TOTAL SERVICE CHARGES	<u>674,775</u>	<u>683,375</u>	<u>722,690</u>	<u>39,315</u>
FINES AND FORFEITS				
Court Fines	120,000	120,000	139,715	19,715
Impounding Fees	45,000	45,000	73,541	28,541
Parking Violations	24,000	24,000	28,396	4,396
Other Fines and Forfeits	40,000	40,000	35,145	(4,855)
TOTAL FINES & FORFEITS	<u>229,000</u>	<u>229,000</u>	<u>276,797</u>	<u>47,797</u>
SPECIAL ASSESSMENTS				
Special Assessments	-	-	1,655	1,655
TOTAL SPECIAL ASSESSMENTS	<u>-</u>	<u>-</u>	<u>1,655</u>	<u>1,655</u>

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES (Con't)				
MISCELLANEOUS REVENUE				
Miscellaneous	20,500	20,500	103,807	83,307
Interest Earnings	400,000	400,000	691,941	291,941
Sale of Fixed Assets	15,000	15,000	34,240	19,240
Sale of Materials	30,000	31,620	46,699	15,079
Contributions/Donations	2,000	2,000	5,384	3,384
City Auditorium	-	-	1,665	1,665
Capital Gains	-	-	5,375	5,375
Market Value Increase (Decrease)	-	-	(6,860)	(6,860)
Insurance Reimbursements	100,000	100,000	164,382	64,382
Insurance Pass Through	180,000	180,000	195,256	15,256
TOTAL MISCELLANEOUS	747,500	749,120	1,241,889	492,769
 TOTAL REVENUE	 9,423,914	 9,434,134	 10,225,736	 791,602
EXPENDITURES				
GENERAL GOVERNMENT				
City Administrator				
Personal Services	187,368	187,368	188,344	976
Supplies	1,500	1,500	1,287	(213)
Other Services & Charges	8,525	8,525	3,632	(4,893)
Total	197,393	197,393	193,263	(4,130)
 Mayor and Council				
Personal Services	67,400	67,400	67,208	(192)
Supplies	12,950	12,950	10,623	(2,327)
Other Services & Charges	114,500	114,500	83,337	(31,163)
Total	194,850	194,850	161,168	(33,682)
 Planning & Development				
Personal Services	339,110	350,359	349,410	(949)
Supplies	9,800	9,800	8,944	(856)
Other Services & Charges	36,750	36,750	31,475	(5,275)
Total	385,660	396,909	389,829	(7,080)
 City Clerk/Treasurer				
Personal Services	149,041	154,991	155,410	419
Supplies	5,700	5,700	5,949	249
Other Services & Charges	7,635	7,635	4,726	(2,909)
Total	162,376	168,326	166,085	(2,241)
 Assessing				
Personal Services	202,340	204,721	204,671	(50)
Supplies	3,100	3,100	3,481	381
Other Services & Charges	7,150	7,150	6,168	(982)
Total	212,590	214,971	214,320	(651)
 Accounting				
Personal Services	279,798	279,798	282,469	2,671
Supplies	7,300	7,300	3,062	(4,238)
Other Services & Charges	26,500	26,500	21,781	(4,719)
Total	313,598	313,598	307,312	(6,286)

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
GENERAL GOVERNMENT (Con't)				
Legal				
Personal Services	132,840	132,840	133,711	871
Supplies	4,600	6,220	5,290	(930)
Other Services & Charges	21,600	21,600	21,531	(69)
Total	159,040	160,660	160,532	(128)
City Hall				
Personal Services	38,768	38,768	37,405	(1,363)
Supplies	13,950	13,950	16,621	2,671
Other Services & Charges	45,025	45,025	44,658	(367)
Total	97,743	97,743	98,684	941
Data Processing Center				
Personal Services	113,174	113,174	104,558	(8,616)
Supplies	10,800	10,800	9,460	(1,340)
Other Services & Charges	36,000	36,000	35,126	(874)
Total	159,974	159,974	149,144	(10,830)
Cultural Diversity				
Supplies	900	900	-	(900)
Other Services & Charges	58,720	58,720	57,769	(951)
Total	59,620	59,620	57,769	(1,851)
Elections & Voters Registration				
Personal Services	40,728	40,728	42,546	1,818
Supplies	1,300	1,300	361	(939)
Other Services & Charges	22,800	22,800	1,746	(21,054)
Total	64,828	64,828	44,653	(20,175)
Non-Departmental Expenses				
Personal Services	29,000	26,619	122	(26,497)
Insurances	-	-	1,374	1,374
Other Charges/Services	90,000	44,953	112,519	67,566
Labor Negotiator	10,000	10,000	18,387	8,387
Re-Employment Insurance	1,000	1,000	141	(859)
Retired Employees Insurance	113,000	113,000	94,726	(18,274)
Workers Comp. Self Insurance	-	-	3,790	3,790
Insurance Deductible	100,000	100,000	33,393	(66,607)
Downtown Items	50,000	67,500	64,764	(2,736)
Internship Program	5,000	5,000	-	(5,000)
Miscellaneous	160,000	160,000	184,187	24,187
Insurance Pass Through	185,000	185,000	182,705	(2,295)
Southwest Initiative	10,000	10,000	-	(10,000)
Total	753,000	723,072	696,108	(26,964)
TOTAL GENERAL GOVERNMENT	2,760,672	2,751,944	2,638,867	(113,077)
PUBLIC SAFETY				
Police Department				
Personal Services	2,774,263	2,779,863	2,681,639	(98,224)
Supplies	154,900	189,900	182,756	(7,144)
Other Services & Charges	188,165	212,565	207,344	(5,221)
Debt Redemption	175,000	175,000	175,000	-
Total	3,292,328	3,357,328	3,246,739	(110,589)

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
PUBLIC SAFETY (Con't)				
Fire Department				
Personal Services	513,955	513,955	497,338	(16,617)
Supplies	75,905	77,905	61,436	(16,469)
Other Services & Charges	83,123	83,123	77,923	(5,200)
Total	672,983	674,983	636,697	(38,286)
Non-Department Expenses				
Civil Defense Sirens	20,000	20,000	4,404	(15,596)
Safety Program	15,000	15,000	980	(14,020)
Miscellaneous	35,000	35,000	1,842	(33,158)
Total	70,000	70,000	7,226	(62,774)
TOTAL PUBLIC SAFETY	4,035,311	4,102,311	3,890,662	(211,649)
PUBLIC WORKS				
Engineering				
Personal Services	438,254	438,254	414,503	(23,751)
Supplies	10,250	10,250	10,493	243
Other Services & Charges	52,160	52,160	31,419	(20,741)
Total	500,664	500,664	456,415	(44,249)
Public Works				
Personal Services	1,448,665	1,448,665	1,393,543	(55,122)
Supplies	335,100	335,100	489,192	154,092
Other Services & Charges	287,785	272,285	301,777	29,492
Debt Redemption	60,000	60,000	60,000	-
Total	2,131,550	2,116,050	2,244,512	128,462
Airport				
Personal Services	61,787	54,635	36,698	(17,937)
Supplies	8,400	8,400	10,030	1,630
Other Services & Charges	75,050	75,050	108,635	33,585
Total	145,237	138,085	155,363	17,278
Transit				
Other Services & Charges	9,000	9,000	9,000	-
Total	9,000	9,000	9,000	-
Non-Departmental Expenses				
State Mandates/Drug Testing	3,000	3,000	630	(2,370)
Total	3,000	3,000	630	(2,370)
TOTAL PUBLIC WORKS	2,789,451	2,766,799	2,865,920	99,121
NON-DEPARTMENTAL EXPENSES				
Social Services				
Meals on Wheels	40,000	40,000	38,000	(2,000)
TOTAL NON-DEPARTMENTAL EXPENSE	40,000	40,000	38,000	(2,000)
CULTURE & RECREATION				
Auditorium				
Personal Services	49,325	49,325	53,260	3,935
Supplies	15,400	15,400	16,595	1,195
Other Services & Charges	38,300	38,300	31,855	(6,445)
Total	103,025	103,025	101,710	(1,315)

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Con't)				
CULTURE & RECREATION (Con't)				
Non-Department Expenses				
Arts & Humanities	4,000	4,000	4,000	-
Library	385,923	396,473	361,030	(35,443)
Civic Promotion	88,500	88,500	72,267	(16,233)
Total	478,423	488,973	437,297	(51,676)
Leisure Services				
Personal Services	215,398	215,398	191,152	(24,246)
Supplies	17,450	17,450	26,513	9,063
Other Services & Charges	140,100	140,100	120,948	(19,152)
Total	372,948	372,948	338,613	(34,335)
Civic Center - Ice Arena				
Personal Services	225,938	225,938	237,570	11,632
Supplies	63,150	63,150	69,571	6,421
Other Services & Charges	144,100	144,100	127,471	(16,629)
Miscellaneous	-	-	1,898	1,898
Total	433,188	433,188	436,510	3,322
Senior Citizens Center				
Personal Services	7,200	5,200	3,716	(1,484)
Supplies	9,200	8,700	6,428	(2,272)
Other Services & Charges	34,150	26,800	25,816	(984)
Total	50,550	40,700	35,960	(4,740)
Aquatics Center				
Personal Services	109,675	109,675	91,814	(17,861)
Supplies	16,600	16,600	33,078	16,478
Other Services & Charges	22,900	22,900	27,095	4,195
Total	149,175	149,175	151,987	2,812
TOTAL CULTURE & RECREATION	1,587,309	1,588,009	1,502,077	(85,932)
TOTAL EXPENDITURES	11,212,743	11,249,063	10,935,526	(313,537)
Excess of Revenues Over Expenditures	(1,788,829)	(1,814,929)	(709,790)	1,105,139
OTHER FINANCING SOURCES (USES)				
Transfers In				
CVB	6,500	6,500	7,336	836
MUC	1,644,631	1,644,631	1,644,600	(31)
Rice Hospital	187,500	187,500	187,500	-
Waste Treatment	125,000	125,000	125,000	-
T.I. Miscellaneous Projects	-	-	283	283
T.I. Relco	1,650	1,650	1,713	63
T.I. Lakewood	611	611	617	6
C.P. 2006	-	250,000	250,000	-
Capital Improvements Fund	-	17,500	17,500	-
Public Improvement Revolving Fund	135,692	135,692	135,692	-
Library Reserve	-	10,550	10,550	-
Total Transfers In	2,101,584	2,379,634	2,380,791	1,157

City of Willmar, Minnesota
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the fiscal year ended December 31, 2006

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
OTHER FINANCING SOURCES (USES) (Con't)				
Transfers Out				
C.P. Baseball Stadium	30,000	30,000	60,000	30,000
C.P. Airport	184,500	200,000	199,871	(129)
Capital Improvements	735,315	745,165	745,165	-
Total Transfers Out	949,815	975,165	1,005,036	29,871
Total Other Financing Sources (Uses)	1,151,769	1,404,469	1,375,755	(28,714)
Net Change in Fund Balances	(637,060)	(410,460)	665,965	1,076,425
Fund Balances - Beginning	14,967,371	14,967,371	14,967,371	-
Fund Balances - Ending	<u>\$ 14,330,311</u>	<u>\$ 14,556,911</u>	<u>\$ 15,633,336</u>	<u>\$ 1,076,425</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Net Assets
Proprietary Funds
December 31, 2006

	Business-Type Activities	Governmental Activities
	Enterprise Funds/ Waste Treatment	Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 7,506	\$ 100,188
Investments	7,400,000	719,000
Accounts Receivable	14,646	-
Interest Receivable	78,700	7,661
Intergovernmental Receivable	-	35,764
Due From Other Funds	-	510,187
Inventories - Merchandise for Resale	3,846	5,176
Prepaid Items	3,928	558
Total Current Assets	7,508,626	1,378,534
Noncurrent Assets		
Restricted Assets - Temporarily		
Cash and Cash Equivalents	-	(99,187)
Total Restricted Assets	-	(99,187)
Capital Assets:		
Land	321,370	-
Buildings and Structures	20,169,156	-
Other Improvements	2,932,202	-
Office Equipment	949,109	11,680
Machinery and Equipment	724,714	-
Less Accumulated Depreciation	(10,911,339)	(10,512)
Total Capital Assets (net of accumulated depreciation)	14,185,212	1,168
Construction in Progress	6,850,000	-
Total Noncurrent Assets	21,035,212	(98,019)
TOTAL ASSETS	28,543,838	1,280,515
LIABILITIES		
Current Liabilities		
Accounts Payable	48,130	595
Contracts Payable	4,242	-
Due To Other Funds	301,000	185,692
Total Current Liabilities	353,372	186,287
Noncurrent Liabilities:		
General Obligation Bonds Payable (net of unamortized discounts)	10,060,000	-
Notes Payable	2,688,386	-
Total Noncurrent Liabilities	12,748,386	-
TOTAL LIABILITIES	13,101,758	186,287
NET ASSETS		
Invested in Capital Assets, net of related debt	4,136,102	1,168
Restricted:		
Contributed Capital	4,150,724	-
Designated Plant Improvements	1,698,770	-
Other Purposes	5,456,484	-
Unrestricted	-	1,093,060
TOTAL NET ASSETS	\$ 15,442,080	\$ 1,094,228

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities Enterprise Funds/ Waste Treatment	Governmental Activities Internal Service Funds
Operating Revenues		
Charges For Sales and Services:		
Kandiyohi County	\$ 107	\$ -
General City Customers	2,509,567	-
Eagle Lake Sewer District	104,910	-
Administration & Billing Charges	138,620	-
Sewer Line Replacement Charges	202,730	-
Other Services and Charges	12,736	30,019
Total Operating Revenues	<u>2,968,670</u>	<u>30,019</u>
Operating Expenses		
Personal Services	771,387	-
Supplies	162,923	12,949
Other Services and Charges	679,107	8,609
Depreciation	650,451	-
Total Operating Expenses	<u>2,263,868</u>	<u>21,558</u>
Operating Income (Loss)	<u>704,802</u>	<u>8,461</u>
Nonoperating Revenues (Expenses)		
Investment Earnings	269,019	41,726
Gain/(Loss) on Sale of Fixed Assets	-	-
Other Revenue (Expense)	-	-
Total Nonoperating Revenues (Expenses)	<u>269,019</u>	<u>41,726</u>
Income (Loss) Before Contributions and Transfers	973,821	50,187
Bond Proceeds	-	-
Capital Contributions - Tapping Fees	-	-
Transfers Out	<u>(125,000)</u>	<u>(185,692)</u>
Change in Net Assets	848,821	(135,505)
Total Net Assets - Beginning	<u>14,582,934</u>	<u>1,229,733</u>
Total Net Assets - Ending	\$ 15,431,755	<u><u>\$ 1,094,228</u></u>
Reconcile To Statement of Net Assets:		
Increase in Capital Assets	<u>\$ 10,325</u>	
	<u><u>\$ 15,442,080</u></u>	

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended December 31, 2006

	Business-Type Activities Enterprise Funds/ Waste Treatment	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 2,961,914	\$ -
Payments to Suppliers	(823,326)	-
Payments to Employees	(760,332)	-
Net Cash Provided by Operating Activities	<u>1,378,256</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from Other Funds	-	27,234
Transfer to Other Funds	-	(511,187)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(483,953)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	(48,272)	-
Principal Paid on Capital Debt	(871,995)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(920,267)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	-	437,000
Purchase of Investments	(1,100,000)	(25,000)
Interest Received	238,620	40,066
Net Cash Provided/(Used) by Investing Activities	<u>(861,380)</u>	<u>452,066</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(403,391)	(31,887)
Cash and Cash Equivalents - Beginning	410,897	32,657
Cash and Cash Equivalents - Ending	<u>\$ 7,506</u>	<u>\$ 770</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 704,802	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:		
Depreciation	650,451	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(6,341)	-
(Increase) Decrease in Prepaid Items	9,923	-
Increase (Decrease) in Accounts Payable	19,421	-
Total Adjustments	<u>673,454</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,378,256</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of Willmar, Minnesota
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006

	NON-EXPENDABLE TRUST				EXPENDABLE TRUST			
	PERPETUAL CARE				LAW ENFORCE FORFEITURE FUND			
					F-14 TOMCAT FUND			
					LIBRARY IMPROVEMENT RESERVE FUND			
ASSETS								
Cash And Cash Equivalents	\$	135	\$	46,897	\$	32,015	\$	282
Investments		13,000		-		-		296,000
Accrued Interest Receivable		460		-		-		3,166
Restricted Assets:								
Investments		30,000		-		-		-
Total Assets	\$	43,595	\$	46,897	\$	32,015	\$	299,448
LIABILITIES								
Accounts Payable	\$	2,728	\$	18	\$	-	\$	-
Intergovernmental Payable		-		-		-		-
Due to Other Funds								10,550
Total Liabilities	\$	2,728	\$	18	\$	-	\$	10,550
NET ASSETS								
Held In Trust	\$	40,867	\$	46,879	\$	32,015	\$	288,898

The notes to the financial statements are an integral part of this statement.

AGENCY FUND			
ECONOMIC DEVELOPMENT COMMISSION		TOTALS	
\$	148,005	\$	227,334
	-		309,000
	-		3,626
	-		30,000
\$	148,005	\$	569,960
\$	-	\$	2,746
	148,005		148,005
	-		10,550
\$	148,005	\$	161,301
\$	-	\$	408,659

City of Willmar, Minnesota
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2006

	NON-EXPENDABLE TRUST		EXPENDABLE TRUST		
	PERPETUAL CARE	LAW ENFORCE FORFEITURE FUND	F-14 TOMCAT FUND	LIBRARY IMPROVEMENT RESERVE FUND	TOTALS
ADDITIONS					
Investment Earnings	\$ 1,362	\$ 200	\$ -	\$ 11,735	\$ 13,297
Contributions/Donations	-	11,653	32,015	-	43,668
Federal Reimbursement	22,279	-	-	-	22,279
Total Additions	23,641	11,853	32,015	11,735	79,244
DEDUCTIONS					
K-9	118	-	-	-	118
Fire Protection	17,734	-	-	-	17,734
Drug Enforcement	-	4,309	-	-	4,309
Transfers Out - General	-	-	-	10,550	10,550
Total Deductions	17,852	4,309	-	10,550	32,711
Change in Net Assets	5,789	7,544	32,015	1,185	46,533
Net Assets - Beginning	35,077	39,334	-	287,713	362,124
Net Assets - Ending	\$ 40,866	\$ 46,878	\$ 32,015	\$ 288,898	\$ 408,657

**CITY OF WILLMAR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Willmar is a municipal corporation governed by an elected mayor and eight-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. Each discretely presented component unit has a December 31 year-end.

The City of Willmar complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary Funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Discretely Presented Component Units. The City of Willmar Rice Memorial Hospital's governing board is appointed by the City Council. The City may change the manner, mode and type of operations of said hospital to permit participation of other agencies. The City has the power to overrule any decision, motion, resolution, rule, regulation, or order of the board and the legal liability for the general obligation portion of any debt remains with the City.

The City of Willmar Municipal Utilities Commission's governing board is appointed by the City Council. The City has the power to overrule any decision, motion, resolution, rule, regulation, or order of the Commission. The rates for user charges and bond issuance authorizations also are approved by the City Council and the legal liability for the general obligation portion of the Municipal Utilities Commission's debt remains with the City.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Rice Memorial Hospital
301 Becker Avenue SW
Willmar, MN 56201

Willmar Municipal Utilities Commission
700 Litchfield Avenue SW
Willmar, MN 56201

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

reported separately from business type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provision. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

GOVERNMENTAL FUNDS are used to account for the City's general government activities.

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The **Debt Service Funds** account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The **Capital Project Funds** account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

PROPRIETARY FUNDS are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

FIDUCIARY FUNDS account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under terms of a formal trust agreement.

The **Expendable Trust Fund** is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

The **Nonexpendable Trust Fund** and **Pension Trust Fund** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **Agency Fund** is custodial in nature and does not present results of operations or has a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

ACCOUNT GROUPS. The **General Fixed Assets Account Group** is used to account for fixed assets not accounted for in proprietary or trust funds. The **General Long-term Debt Account Group** is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

D. Assets, Liabilities and Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain restricted assets are included in cash and cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds".

Property Taxes

The City Council annually adopts a Tax Levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The taxes are collected by the County Auditor, and tax settlements are made to the City during January, June and December each year.

Taxes payable on homestead property, as defined by State Statutes, are partially reduced by a homestead and agricultural credit aid. The credit is paid to the City by the State of Minnesota in lieu of taxes levied against homestead property. The State remits this credit in two equal installments in July and December each year.

Delinquent taxes receivable includes the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred revenue liability for delinquent taxes not received within 60 days after year-end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

Special Assessments

Special Assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year-end. All noncurrent special assessments receivables are offset by a deferred revenue liability.

Inventories and Prepaid Items

Inventories are stated at the lower of cost or market on the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	20-25 Years
Building Improvements	25-50 Years
Infrastructure Improvements	10-20 Years
Equipment	3-20 Years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund reserve of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

Long-term Obligations

The City reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs are recognized during the current period. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring and nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Equity (Continued)

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between Fund Balance-Total Governmental Funds and Net Assets-Governmental Activities as reported in the government-wide statement of net assets. The details of this \$40,597,071 difference are as follows:

Capital Assets used in governmental activities are not financial resources so they are not reported in the funds	\$ 54,659,494
Internal Service Funds are used to charge the applicable costs to individual Funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net assets.	\$ 1,093,060
Uncompensated Absences is considered long term so it is not reported in the funds	\$(1,907,137)
Accrued Interest On Bonds Payable is considered long term so it is not reported In the funds	\$(407,791)
Bonds/Notes Payable is considered long term so it is not reported in the funds	<u>\$(12,840,555)</u>
Net adjustment to increase Fund Balance-Total Governmental Funds to Arrive at Net Assets-Governmental Activities	<u>\$ 40,597,071</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between Net Changes in Fund Balances-Total Governmental Funds and Changes in Net Assets of Governmental Activities as reported in the government-wide statement of activities. The details of this \$2,023,279 difference are as follows:

NOTE 2. RECONCILIATION OF GOV'T-WIDE & FUND FINANCIAL STATEMENTS (CON'T)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Internal Services Funds are used by management to charge the costs of office supplies to individual funds. The net increase in the balance is included in the Governmental Activities Statement of Activities	\$ (135,505)
2006 Depreciation Expense – Governmental Funds	\$ (2,756,411)
Increase over 2005 in Bonds/Notes Payable – Governmental Funds	\$ (1,298,196)
Increase from 2005 in Interest Payable – Governmental Funds	\$ (21,815)
2006 Uncompensated Absences Expense	\$ 0
Increase over 2005 in Fixed Assets – Governmental Funds	\$ <u>2,188,648</u>
Net Adjustment to increase Net Changes in Fund Balances – Total Governmental Funds to arrive at Changes in Net assets of Governmental Activities	\$ (2,023,279)

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances

Three Capital Project funds have a deficit fund balance at the end of the year:

<u>Capital Project Fund</u>	<u>Deficit Fund Balance</u> <u>12/31/2006</u>
Street Water/Sewer Projects	\$ 1,012,625
Airport	1,808,314
Baker Diamond Stadium	<u>7,567</u>
Total of Deficit Fund Balances	\$ 2,828,506

It is anticipated that the deficit balance in these funds will be non-existent by the end of each individual project.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Con't)

C. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and special revenue funds except some capital projects funds, which adopt project-length budgets. All annual appropriations except those for capital outlay lapse at fiscal year end.

On or before the first Tuesday in August of each year, all agencies of the government submit request for appropriations to the Mayor so that a budget may be prepared. In September, the proposed budget is presented to the City's council for review. The council holds public hearings and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function and department. The government's City Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level. All supplemental budgetary appropriations in all funds were approved by the City Council.

All excess of expenditures over appropriations were funded by excess of actual revenues over budget or by designated Fund Balances.

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System.

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. As of December 31, 2006, all bank balances were sufficiently covered with insurance and collateral.

Minnesota Statutes require that all City Deposits be protected by insurance, surety bond, or collateral. The market value of collateral must equal 110% of the deposits not covered by insurance or bond (140% in the case of mortgage notes pledged). Authorized collateral includes the legal investments described in Minnesota Statutes including those listed below, as well as certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the city treasurer or in a financial institution other than that furnishing the collateral.

The City of Willmar's banking arrangement stipulates that funds are automatically transferred between its checking account and its flex gold savings account, both of which are included in the deposit balances, for the purpose of maximizing investment earnings and covering checks as they are presented for payment.

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits (Continued)

Certificates of Deposit are negotiable or nonnegotiable instruments issued by commercial banks and insured up to \$100,000 by the Federal Deposit Insurance Corporation. Collateralization will be required where the par value exceeds the FDIC \$100,000 insurance level.

Bank Balance As of 12/31/2006

\$ 1,483,674

Carrying Amount As of 12/31/2006

\$ 219,986

Investments

Credit Risk. Minnesota Statutes Section 118A.04, Subdivision 1 through 7, lists all permissible investments for municipalities. This list established the maximum investments risk permitted for a Minnesota municipality. The City of Willmar will not authorize its employees to invest in all of these investments, staying consistent with its number one priority of safety of capital. The following are investments the City will be authorized to invest in:

1. Government Securities. Instruments such as bonds, notes, bills, mortgages and other securities which are direct obligations of the federal government or its agencies and instrumentalities, with the principal fully guaranteed by the U.S. Government or its agencies. The City will not invest in any mortgage or mortgage related security unless a return of principal is completely guaranteed by a federal entity.
2. Repurchase Agreement. An investment which consists of two simultaneous transactions, where the City purchases securities from a bank or dealer. At the same time, the selling bank or dealer agrees to repurchase the securities at the same price plus interest at some agreed-upon future date. The security purchased is the collateral protecting the investment.
3. Prime Commercial Paper. An investment used by corporations to finance receivables. A short-term (matures in 270 days or less) unsecured promissory note is issued for maturity specified by the purchaser. The City will only invest in commercial paper that has the highest rating of two of the three rating agencies.
4. Any security which is a general obligation of the State of Minnesota or any of its municipalities.
5. Bankers Acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Investment Pools. Governmental sponsored pools and money market mutual funds are allowable short-term cash management facilities. These pools/funds can provide safety, liquidity and yield in a single investment instrument. However, the City will follow due diligence standard which applies to the use of pools/funds. A thorough investigation of the pool/fund is required prior to investing.

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

7. Mutual Funds. Shares of an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 whose portfolio consists of direct obligations or are guaranteed issued of the United States its agencies or instrumentalities. Effective January 1, 1997, mutual funds are limited to funds held as of December 31, 1996, or a fund whose portfolio consists of the aforementioned obligations with a maturity of
8. .thirteen months or shorter. Reinvestment of dividends paid from a fund holding obligations maturing beyond thirteen months is prohibited.

The City's investments are rated as follows:

- | | |
|-------------------------------|------------------|
| 1. Commercial Paper | A1/P1 and A1+/P1 |
| 2. U.S. Government Securities | AAA |
| 3. Mutual/Bond Funds | N/A |

Concentration of Credit Risk. The City's investment policy dictates that it will diversify its investments by security type and by institution. No more than 40% of the City's total investment portfolio will be invested in a single security type or with a single financial institution or broker/dealer. The security types and amounts that exceed five percent of the City's total investments are as follows:

Commercial Paper	\$ 12,367,121	(25.46 %)
Federal Home Loan Mortgage Corporation	\$ 12,880,000	(26.52 %)
Federal Home Loan Bank	\$ 15,977,187	(32.90 %)
Federal National Mortgage Association	\$ 4,000,000	(8.24 %)
Federal Farm Credit Bank	\$ 1,000,000	(2.06 %)
Mutual Funds	\$ 2,341,138	(4.82 %)

The issuers and amounts that exceed five percent of the City's total investments are as follows:

Smith Barney Citigroup	\$ 17,782,605	(36.60 %)
Wachovia Securities	\$ 15,490,895	(31.89 %)
Wells Fargo	\$ 12,950,808	(26.66 %)

The City's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered, of which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name. Cash and Certificates of Deposit were fully covered by Federal depository insurance or by collateral held in trust in the City of Willmar's name at December 31, 2006.

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

At year-end, the City's investment balances were as follows:

	<u>Credit Risk Category</u>			<u>Fair Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
U.S.Gov't Securities	\$ 33,857,187	0	0	\$ 12,471,023
Commercial Paper	<u>\$ 12,367,121</u>	<u>0</u>	<u>0</u>	<u>\$ 33,305,567</u>
Total Subject to Cat.	<u>\$ 46,224,308</u>	<u>0</u>	<u>0</u>	<u>\$ 45,776,590</u>
Mutual Funds	<u>\$ 2,341,138</u>			<u>\$ 2,341,138</u>
Total Investments	<u>\$ 48,565,446</u>			<u>\$ 48,117,728</u>

B. Receivables

Receivables as of year-end, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>		<u>Internal</u>	<u>Trust &</u>	
		<u>Revenue</u>	<u>Service</u>	<u>Projects</u>	<u>Enterprise</u>	<u>Service</u>	<u>Agency</u>	<u>Total</u>
Receivables-								
Taxes Rec. Cur	\$ -	\$ 373,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373,650
Taxes Rec. Del	60,889	12	-	-	-	-	-	60,901
Taxes Rec. Def	-	271,520	3,596,975	-	-	-	-	3,868,495
Special Assmts.	2,199	1,042,027	5,512,669	-	-	-	-	6,556,895
Accounts Rec.	100,153	49,406	-	67,195	14,646	-	-	231,400
Notes Rec.	718	369,019	-	-	-	-	-	368,737
N.S.F. Rec.	333	-	-	-	-	-	-	333
Accr. Int. Rec.	<u>165,776</u>	<u>99,765</u>	<u>24,974</u>	<u>72,215</u>	<u>78,700</u>	<u>7,661</u>	<u>3,626</u>	<u>452,717</u>
Net Total Rec.	<u>\$ 330,068</u>	<u>\$2,204,399</u>	<u>\$9,134,618</u>	<u>\$ 139,410</u>	<u>\$ 93,346</u>	<u>\$ 7,661</u>	<u>\$ 3,626</u>	<u>\$11,913,128</u>

Accounts Receivable for Rice Memorial Hospital are \$13,284,748 net of allowance for uncollectibles.
Accounts Receivables for Willmar Municipal Utilities are \$2,751,718 net of allowance for uncollectibles.

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**C. Capital Assets**

The following is a summary of changes in the capitalized assets during the fiscal year:

	<u>Balance</u> <u>01/01/2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2006</u>
Land	\$ 3,607,998	\$ 75,560	\$ 0	\$ 3,683,558
Buildings & Structures	5,573,820	1,500,826	0	7,074,646
Furniture & Equipment	2,614,755	449,385	114,213	2,949,927
Machinery & Auto	6,170,625	299,931	195,740	6,274,816
Other Improvements	<u>72,460,460</u>	<u>172,899</u>	<u>0</u>	<u>72,633,359</u>
Total	<u>\$ 90,427,658</u>	<u>\$ 2,498,601</u>	<u>\$ 309,953</u>	<u>\$ 92,616,306</u>
Accum. Depreciation	<u>\$ 35,201,569</u>	<u>\$ 3,028,584</u>	<u>\$ 272,173</u>	<u>\$ 37,957,980</u>
Net Capital Assets	<u>\$ 55,226,089</u>	<u>\$ 529,983</u>	<u>\$ 37,780</u>	<u>\$ 54,658,326</u>

The following is a summary of Proprietary fund types of property, plant and equipment as of December 31, 2006:

<u>Enterprise Fund</u>	<u>Balance</u> <u>01/01/2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2005</u>
Land & Land Improve.	\$ 321,370	\$ 0	\$ 0	\$ 321,370
Buildings & Structures	20,169,156	0	0	20,169,156
Furniture & Equipment	949,498	18,404	18,794	949,109
Machinery & Auto	702,756	51,529	29,571	724,714
Other Improvements	<u>2,932,202</u>	<u>0</u>	<u>0</u>	<u>2,932,202</u>
Total	<u>\$ 25,074,982</u>	<u>\$ 69,933</u>	<u>\$ 48,365</u>	<u>\$ 25,096,551</u>
Accum. Depreciation	<u>\$ 10,308,723</u>	<u>\$ 645,162</u>	<u>\$ 42,546</u>	<u>\$ 10,911,339</u>
Net Capital Assets	<u>\$ 14,766,259</u>	<u>\$ 575,203</u>	<u>\$ 5,844</u>	<u>\$ 14,185,212</u>

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**C. Capital Assets (Continued)**

<u>Internal Services Fund</u>	<u>Balance 01/01/2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2006</u>
Furniture & Equipment	<u>11,680</u>	<u>0</u>	<u>0</u>	<u>11,680</u>
Total	<u>\$ 11,680</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,680</u>
Accum. Depreciation	<u>\$ 10,512</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,512</u>
Net Capital Assets	<u><u>\$ 1,168</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,168</u></u>

A summary of the accounts and the related accumulated depreciation for Rice Memorial Hospital as of December 31, 2006 and December 31, 2005 were as follows:

<u>Rice Memorial Hospital:</u>	<u>2006 Cost</u>	<u>2005Cost</u>
Land	\$ 2,579,000	\$ 2,579,000
Land Improvements	1,015,000	692,000
Buildings	77,476,000	66,924,000
Equipment and fixtures	38,049,000	38,463,000
Construction in Progress	<u>87,000</u>	<u>5,813,000</u>
Total	\$119,206,000	\$114,471,000
Less: Accumulated Depreciation	<u>(44,169,000)</u>	<u>(39,433,000)</u>
Net Property, Plant & Equipment	<u><u>\$ 75,037,000</u></u>	<u><u>\$ 75,038,000</u></u>

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**C. Capital Assets (Continued)**

The following is a summary of Proprietary fund type fixed assets for the Willmar Municipal Utilities as of December 31, 2006, and December 31, 2005:

Willmar Municipal Utilities:	<u>2006</u> <u>Cost</u>	<u>2005</u> <u>Cost</u>
Electric	\$ 39,107,849	\$ 38,123,574
Water	7,866,725	7,414,747
Heating	7,363,876	7,401,453
Construction in Progress	1,401,916	928,093
Other	<u>3,750,380</u>	<u>3,305,247</u>
Total Utility Plant in Service	\$ 59,490,746	\$ 57,373,114
Less: Accumulated Depreciation	<u>(37,418,034)</u>	<u>(35,605,326)</u>
Net Fixed Assets	<u>\$ 22,072,712</u>	<u>\$ 21,767,788</u>

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**D. Interfund Receivables and Payables**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	C.V.B.	\$ 14,213
General	T.I. Downtown	283
General	T.I. Relco	856
General	T.I. Lakewood B.K.	1,229
General	S.A.B.F. 2006	250,000
General	Capital Improvement	32,228
* General	Waste Treatment Plant	125,000
General	Public Improvement Revolving	135,692
General	Library Improvement Reserve	10,550
Industrial Development	General	54,000
Community Investment	D.S. 1997	301,229
Community Investment	D.S. 1998	2,121
D.S. 2000	Community Investment	32,207
D.S. 2001	Community Investment	46,949
D.S. 2001	S.A.B.F. 2001	42,490
D.S. 2002	Community Investment	25,000
D.S. 2004	Community Investment	9,185
D.S. 1996	Community Investment	180,785
S.A.B.F. 2006	S.A.B.F. 2007	9,296
* C.P. Waste Treatment	Waste Treatment Plant	176,000
Capital Improvement	General	751,299
Capital Improvement	WRAC-8	33,773
Capital Improvement	C.V.B.	3,000
Capital Improvement	Public Improvement Revolving	50,000
Public Improvement Revolving	General	30,000
Public Improvement Revolving	C.P. Airport	480,187

*On the Government-Wide Financial Statements Statement of Net Assets, Internal Balances are listed in the amount of \$301,000. This amount reflects the net transfer due from the Waste Treatment Plant Fund, which is a Business-Type Activity, to the General Fund for \$125,000 and to the Waste Treatment Plant Capital Project Fund for \$176,000, both of which are Governmental Activities.

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. Most of the City's interfund transfers fall under that category. The City of Willmar has been in the process of constructing a new municipal airport utilizing various federal and state grant funds. The public improvement revolving loan fund transferred a net amount of \$480,187 to the airport capital project fund to cover construction expenditures for the new airport until such time the applicable grant funds are received. The City expects the above interfund receivables and payables to be settled during 2007.

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

E. Long-Term Debt

The long-term debt obligations outstanding at year end are summarized as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2006</u>
Primary Government					
Governmental Activities					
<u>G.O. Special Assessments</u>					
1996 Improvement Bond	4.30 - 5.10	1996	2007	1,185,000	115,000
1997 Improvement Bond	4.10 - 4.90	1997	2008	1,265,000	250,000
2000 Improvement Bond	4.75 - 5.25	2000	2011	665,000	350,000
2001 Improvement Bond	3.00 - 4.25	2001	2012	1,400,000	840,000
2002 Improvement Bond	2.00 - 3.75	2002	2013	1,125,000	750,000
2003 Improvement Bond	2.00 - 4.10	2003	2014	600,000	465,000
2004 Improvement Bond	2.10 - 4.00	2004	2015	2,125,000	1,895,000
2005 Improvement Bond	3.25 - 3.65	2005	2016	3,675,000	3,675,000
2006 Improvement Bond	3.60 - 3.85	2006	2017	<u>1,950,000</u>	<u>1,950,000</u>
Total Special Assessment Bonds				13,990,000	10,290,000
<u>G.O. Revenue Bonds</u>					
2004 Airport Bond	2.00 - 4.05	2004	2020	<u>2,100,000</u>	<u>1,995,000</u>
Total G.O. Revenue Bonds				2,100,000	1,995,000
Total Governmental Activities				16,090,000	12,285,000
Business-Type Activities					
<u>G.O. Revenue Bonds</u>					
1997 Waste Treatment Note	3.13	1997	2017	4,300,000	2,688,386
2001 Waste Treatment Bond	4.00 - 4.25	2001	2009	2,160,000	1,315,000
2003 Waste Treatment Bond	1.15 - 2.75	2003	2008	1,555,000	640,000
2004 Waste Treatment Bond	1.45 - 4.15	2004	2019	1,410,000	1,255,000
2006 Waste Treatment Bond	3.70	2006	2009	<u>6,850,000</u>	<u>6,850,000</u>
Total G.O. Revenue Bonds				16,275,000	12,748,386
Total Business-Type Activities				16,275,000	12,748,386
Total Primary Government				32,365,000	25,033,386
Defeased Bonds/Primary Gov't.					
1999 Special Assessment Bond	4.00 - 4.90	1999	2007	<u>970,000</u>	<u>380,000</u>
Total Defeased Bonds/Primary Govt				970,000	380,000

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**E. Long-Term Debt**

(Summary of long-term debt obligations outstanding at year end continued)

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Matures</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/2006</u>
Component Units					
Municipal Utilities					
<u>Revenue Bonds</u>					
1999 Bond	4.20 - 5.00	1999	2011	1,760,000	1,365,000
2001 Bond	3.50 - 4.50	2001	2011	1,240,000	685,000
2001 Bond	3.50 - 4.00	2001	2007	<u>2,080,000</u>	<u>250,000</u>
Total Revenue Bonds				5,080,000	2,300,000
<u>G.O. Revenue Bonds</u>					
2005 Bond	3.00 - 3.75	2005	2016	<u>1,290,000</u>	<u>1,290,000</u>
Total G.O. Revenue Bonds				1,290,000	1,290,000
Total Municipal Utilities				6,370,000	3,590,000
Rice Memorial Hospital					
<u>Revenue Bonds</u>					
1994 Bond	6.20 - 6.70	1994	2015	1,865,000	1,135,000
2000 Bond	2.93	2000	2010	<u>1,600,000</u>	<u>652,064</u>
Total Revenue Bonds				3,465,000	1,787,064
<u>G.O. Revenue Bonds</u>					
2002 Bond	3.00 - 5.00	2002	2032	<u>51,200,000</u>	<u>49,035,000</u>
Total G.O. Revenue Bonds				51,200,000	49,035,000
Total Rice Memorial Hospital				54,665,000	50,822,064

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**D. Long-Term Debt (Continued)**

Changes in Long-Term Debt during 2006 are summarized as follows:

	<u>Balance</u> <u>01/01/2006</u>	<u>Issued</u>	<u>Retired/</u> <u>Defeased</u>	<u>Balance</u> <u>12/31/2006</u>
Primary Government				
Governmental Activities				
G.O. Special Assessment Bonds	\$ 8,975,000	\$ 1,950,000	\$ 635,000	\$ 10,290,000
G.O. Revenue Bonds	1,995,000	0	0	1,995,000
Total Governmental Activities	\$ 10,970,000	\$ 1,950,000	\$ 635,000	12,285,000
Business-Type Activities				
G.O. Revenue Bonds	\$ 6,770,381	\$ 6,850,000	\$ 871,995	\$ 12,748,386
Total Business-Type Activities	\$ 6,770,381	\$ 6,850,000	\$ 871,995	\$ 12,748,386
Total Primary Government	\$ 17,740,381	\$ 8,800,000	\$ 1,506,995	\$ 25,033,386
Component Units				
Municipal Utilities				
Revenue Bonds	\$ 3,120,000	\$ 0	\$ 820,000	\$ 2,300,000
G.O. Revenue Bonds	1,290,000	0	0	1,290,000
Total Municipal Utilities	\$ 4,410,000	\$ 0	\$ 820,000	\$ 3,590,000
Rice Memorial Hospital				
Revenue Bonds	\$ 2,051,274	\$ 0	\$ 264,210	\$ 1,787,064
G.O. Revenue Bonds	49,780,000	0	745,000	49,035,000
Total Rice Memorial Hospital	\$ 51,831,274	\$ 0	\$ 1,009,210	\$ 50,822,064
Total Component Units	\$ 56,241,274	\$ 0	\$ 1,829,210	\$ 54,412,064

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**E. Long-Term Debt (Continued)**

Long-Term Debt maturities are as follows:

<u>Primary Government</u>	<u>G.O. Special Assessments Bonds</u>		<u>G.O. Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>Governmental Activities:</u>				
2007	\$ 1,245,000	\$ 340,585	\$ 115,000	\$ 67,206
2008	1,320,000	309,770	120,000	64,412
2009	1,175,000	264,929	120,000	61,262
2010	1,165,000	222,347	125,000	57,738
2011	1,145,000	179,319	130,000	53,750
2012 – 2016	4,040,000	368,478	705,000	198,743
2017 – 2021	200,000	3,850	680,000	55,544
Total Governmental Activity	\$ 10,290,000	\$ 1,689,278	\$ 1,995,000	\$ 558,655
<u>Business-Type Activities:</u>				
2007	\$ 0	\$ 0	\$ 1,008,367	\$ 428,178
2008	0	0	1,174,940	401,325
2009	0	0	7,511,720	368,673
2010	0	0	313,714	98,284
2011	0	0	325,929	88,332
2012 – 2016	0	0	1,786,086	275,355
2017 – 2021	0	0	627,630	28,248
Total Business-Type Activity	\$ 0	\$ 0	\$12,748,386	\$ 1,688,395
Total Primary Government	\$ 10,290,000	\$ 1,689,278	\$14,743,386	\$ 2,247,050

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**E. Long-Term Debt (Continued)**

Long-Term Debt maturities (continued):

Component Units	G.O. Revenue Bonds		Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 880,000	\$ 2,434,063	\$ 1,134,456	\$ 175,438
2008	910,000	2,405,225	624,822	137,188
2009	930,000	2,373,600	650,426	108,892
2010	965,000	2,338,763	582,359	79,467
2011	1,150,000	2,292,256	510,000	52,632
2012 – 2016	7,020,000	10,504,592	585,000	81,238
2017 – 2021	8,980,000	8,538,750	0	0
2022 – 2026	11,475,000	5,994,375	0	0
2027 – 2031	14,635,000	2,745,625	0	0
2032 – 2036	<u>3,380,000</u>	<u>84,500</u>	<u>0</u>	<u>0</u>
Total Component Units	\$ 50,325,000	\$ 39,711,749	\$ 4,087,063	\$ 634,855

Enterprise Bonds are serviced by the Municipal Utilities, Hospital and Waste Treatment funds and are carried as a debt of those funds. Special Assessment Bonds are backed by the full faith, credit and taxing power of the City, and are carried as a debt of the General Long-Term Debt Group of Accounts, General Obligation Bonds are paid for by ad valorem taxes and the Tax Increment Bonds will be paid for by a special taxing district and may require a tax levy.

F. Fund Balance/Equity

The December 31, 2006, Fund Equity of the Governmental and Proprietary fund types classified as reserved, unreserved and contributed is as follows:

<u>Governmental Fund Type</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Fund Balance				
Reserved -				
Future Expenditures	\$ 79,999	\$ 75,028	\$ -	\$ -
Debt Service	-	4,500,000	3,629,417	-
Unreserved -				
Designated:				
Future Expenditures	<u>15,553,337</u>	<u>6,642,022</u>	<u>-</u>	<u>477,732</u>
Total Fund Balance	<u>\$15,633,336</u>	<u>\$11,217,050</u>	<u>\$3,629,417</u>	<u>\$ 477,732</u>

NOTE 4. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**F. Fund Balance/Equity (Continued)**

<u>Proprietary Fund Types</u>	<u>Enterprise</u>	<u>Internal Services</u>
Contributed Capital	\$ 4,150,724	\$ -
Retained Earnings		
Reserved – Designated For Future Expenditures	1,698,770	-
Unreserved - Designated For Future Expenditures	5,456,484	1,093,060
Invested in Property, Plant & Equipment	<u>4,136,102</u>	<u>1,168</u>
Total Equity	<u>\$ 15,442,080</u>	<u>\$ 1,094,228</u>

G. Segment Information for Enterprise Funds

The City maintains operating funds which provide services. Segment information for the year ended December 31, 2006, is as follows:

Operating Revenues	\$ 2,968,670
Depreciation	\$ 650,451
Net Income (Loss) Before Transfers	\$ 973,821
Operating Transfers:	
In	\$ -
Out	\$ 125,000
Net Income (Loss)	\$ 704,802
Total Assets	\$ 28,543,838
Liabilities:	
Payable from Operating Revenues	\$ 13,101,758
Total Retained Earnings	\$ 15,442,080

NOTE 5. OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of which expenditures may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney and Finance Director the resolution of these matters would not have a material adverse effect on the financial condition of the City.

B. Defined Benefit Pension Plans - Statewide

Plan Description

All full-time and certain part-time employees of the City of Willmar are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing multiple-employer retirement plans. These Plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for

NOTE 5. OTHER INFORMATION (CONTINUED)

B. Defined Benefit Pension Plans – Statewide (Continued)

Plan Description (Continued)

each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF, PEPFF, and PECF. That report may be obtained on the web at mnpera.com, by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota, 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.50%, respectively, of their annual covered salary. PEPFF members are required to contribute 6.20% of their annual covered salary. PECF members are required to contribute 5.83% of their annual covered salary. The City of Willmar is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.00% for Coordinated Plan PERF members, 9.30% for PEPFF members, and 8.75% for PECF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2006, 2005 and 2004 were \$213,228, \$188,053 and \$175,374, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2006, 2005 and 2004 were \$197,356, \$164,808 and \$163,243, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 5. OTHER INFORMATION (CONTINUED)

C. Prior Period Adjustments

Certain adjustments have been made to the January 1, 2006, balances of retained earnings, contributed capital and fund balance, they are as follows:

General Fund

A.) Accounts Receivable Adjustment	\$ (266)
B.) Accounts Payable Adjustment	\$ 17,146
C.) Duplication of Due To Other Fund	\$ (3,990)

Special Revenue Funds

WRAC-8

A.) Accounts Payable Adjustment	106
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Community Investment Fund

A.) Reallocation from D.S. and S.A.B.F.	\$ 0
B.) Interest Adjustment	\$ (26,565)
C.) Reclassify Future/Suspense Assessments	\$ (62,001)

Debt Service Funds

Special Assessment Bonds

A.) Interest Adjustment	\$ 29,859
C.) Reclassify Future/Suspense Assessments	\$ 1,958

Tax Increment Financing

A.) Reclassify Payments to County/Incrmnts	\$ (252,049)
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Capital Projects

Street Water/Sewer

A.) Interest Receivable Adjustment	328
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Capital Improvements

A.) Accounts Payable Adjustment	\$ (107)
B.) Interfund Receivable Adjustment	\$ 755,530

NOTE 5. OTHER INFORMATION (CONTINUED)

D. Reserved and Designated Fund Balances

GENERAL FUND

Unreserved-Designated for:

2007 Emergency Budget	\$ 1,300,000
2006 Emergency Budget	\$ 1,300,000
Advance to Tax Inc.	\$ 650,000
Civic Center Plant	\$ 319,713
Watermains & Hydrants	\$ 637,060
Deferred Compensation	\$ 1,907,137
Future Budgets	\$ 3,689,692
Petty Cash	\$ 2,300
Self-Insurance	\$ 1,000,000
Working Capital	\$ 3,000,000
Capital Improvements	\$ 1,422,657
Expired Capital Improvements	\$ 404,777

ECONOMIC DEVELOPMENT REVOLVING LOAN

Unreserved-Designated:

Operations	\$ 412,088
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INDUSTRIAL DEVELOPMENT

Unreserved-Designated:

Industrial Development	\$ 4,252
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W.R.A.C. - 8

Unreserved-Designated:

W.R.A.C. - 8 Operations	\$ 239,506
Working Capital	\$ 39,701
Prepaid Items	\$ 816

C.V.B.

Unreserved-Designated:

C.V.B. Operation	\$ 178,404
Petty Cash	\$ 50
Working Capital	\$ 31,194
Prepaid Items	\$ 3,267

LOCAL OPTION SALES TAX

Unreserved-Designated:

Future Projects	\$ 674,897
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NOTE 5. OTHER INFORMATION (CONTINUED)

D. Reserved and Designated Fund Balances (Continued)

COMMUNITY INVESTMENT

Unreserved-Designated:

Future Projects	\$ 5,132,875
Debt Service	\$ 4,500,000

City of Willmar, Minnesota
Debt Service Funds
Combining Balance Sheets
December 31, 2006

	Special Assessments Bonds	Airport G.O. Revenue Bond	Tax Increment Bonds	Total Debt Service Funds
ASSETS				
Cash and Cash Equivalents	\$ (215,849)	\$ 659	\$ 27,630	\$ (187,560)
Investments	2,347,350	-	-	2,347,350
Receivables:				
Taxes Receivable - Deferred	1,577,275	2,019,700	-	3,596,975
Assessments Receivable - Delinquent	32,911	-	-	32,911
Assessments Receivable - Non-Current	4,926,610	-	-	4,926,610
Assessments Receivable - Suspense	235,832	-	-	235,832
Assessments Receivable - Future/Deferre	317,316	-	-	317,316
Interest Receivable	24,974	-	-	24,974
Intergovernmental Receivable	28,422	-	-	28,422
Due From Other Funds	336,616	-	-	336,616
Prepaid Expenses	712,049	149,250	-	861,299
Unamort Discount On Bonds Sold	-	24,570	-	24,570
Total Assets	<u>\$10,323,506</u>	<u>\$ 2,194,179</u>	<u>\$ 27,630</u>	<u>\$12,545,315</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 18,763	\$ 18,763
Due To Other Funds	303,350	-	2,368	305,718
Intergovernmental Payable	-	-	(2,507)	(2,507)
Deferred Revenue	6,565,218	2,019,700	-	8,584,918
Notes Payable	-	-	9,006	9,006
Total Liabilities	<u>6,868,568</u>	<u>2,019,700</u>	<u>27,630</u>	<u>8,915,898</u>
FUND BALANCES				
Reserved For Debt Service	3,454,938	174,479	-	3,629,417
Total Fund Balances	<u>3,454,938</u>	<u>174,479</u>	<u>-</u>	<u>3,629,417</u>
Total Liabilities and Fund Balances	<u>\$10,323,506</u>	<u>\$ 2,194,179</u>	<u>\$ 27,630</u>	<u>\$12,545,315</u>

City of Willmar, Minnesota
Debt Service Funds
Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2006

	Special Assessments Bonds	Airport G.O. Revenue Bond	Tax Increment Bonds	Total Debt Service Funds
REVENUES				
General Taxes				
Current Ad Valorem	\$ -	\$ -	\$ 3,990	\$ 3,990
Delinquent Ad Valorem	-	-	-	-
Tax Increment	-	-	25,582	25,582
TOTAL TAXES	-	-	29,572	29,572
Special Assessments	1,364,675	-	-	1,364,675
Intergovernmental				
MSA Funds	-	-	-	-
Miscellaneous				
Miscellaneous	5,582	-	-	5,582
Interest Earnings	95,210	-	-	95,210
Total Revenues	1,465,467	-	29,572	1,495,039
EXPENDITURES				
Bond Principal Payments	635,000	-	-	635,000
Interest Payments	284,600	34,250	10,438	329,288
Other Charges	13,119	3,361	-	16,480
Contracts	-	-	16,804	16,804
Total Expenditures	932,719	37,611	27,242	997,572
Excess (Deficiency) of Revenues Over (Under) Expenditures	532,748	(37,611)	2,330	497,467
OTHER FINANCING SOURCES (USES)				
Transfers In	211,746	184,500	-	396,246
Transfers Out	-	-	(2,613)	(2,613)
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	211,746	184,500	(2,613)	393,633
Net Change in Fund Balances	744,494	146,889	(283)	891,100
Fund Balances - Beginning	2,710,444	27,590	283	2,738,317
Fund Balances - Ending	\$ 3,454,938	\$ 174,479	\$ -	\$ 3,629,417

City of Willmar, Minnesota
Debt Service Funds/Special Assessments Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Delinquent Ad Valorem	\$ -	\$ -	\$ -	\$ -
Special Assessments				
Special Assessments	488,772	488,772	1,364,675	875,903
Intergovernmental				
MSA Funds	-	-	-	-
Miscellaneous Revenue				
Miscellaneous	8,000	8,000	5,582	(2,418)
Interest Earnings	28,611	28,611	95,210	66,599
Total Revenues	525,383	525,383	1,465,467	940,084
EXPENDITURES				
Bond Principal Payments	865,000	865,000	635,000	(230,000)
Interest Payments	189,345	189,345	284,600	
Other Charges	-	-	13,119	13,119
Total Expenditures	1,054,345	1,054,345	932,719	(216,881)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(528,962)	(528,962)	532,748	1,156,965
OTHER FINANCING SOURCES (USES)				
Transfers In	211,746	211,746	211,746	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	211,746	211,746	211,746	-
Net Change in Fund Balances	(317,216)	(317,216)	744,494	1,156,965
Fund Balances - Beginning	2,710,444	2,710,444	2,710,444	-
Fund Balances - Ending	\$ 2,393,228	\$ 2,393,228	\$ 3,454,938	\$ 1,156,965

City of Willmar, Minnesota
Debt Service Funds/ Airport G.O. Revenue Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Interest Earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Bond Principal Payments	115,000	115,000	-	(115,000)
Interest Payments	68,500	68,500	34,250	(34,250)
Other Charges	1,000	1,000	3,361	2,361
Professional Services	-	-	-	-
Total Expenditures	184,500	184,500	37,611	(146,889)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184,500)	(184,500)	(37,611)	146,889
OTHER FINANCING SOURCES(USES)				
Transfers In	184,500	184,500	184,500	-
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	184,500	184,500	184,500	-
Net Change in Fund Balances	-	-	146,889	146,889
Fund Balances - Beginning	27,590	27,590	27,590	-
Fund Balances - Ending	\$ 27,590	\$ 27,590	\$ 174,479	\$ 146,889

City of Willmar, Minnesota
Debt Service Funds/Tax Increment Bonds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Current Ad Valorem	\$ -	\$ -	\$ 3,990	\$ 3,990
Tax Increment	32,611	32,611	25,582	(7,029)
Total Taxes	32,611	32,611	29,572	(3,039)
Miscellaneous	-	-	-	-
Total Revenues	32,611	32,611	29,572	(3,039)
EXPENDITURES				
Interest Payments	14,300	-	10,438	10,438
Other Charges	-	-	-	-
Contracts	16,050	-	16,804	16,804
Total Expenditures	30,350	-	27,242	27,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,261	32,611	2,330	(30,281)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(2,613)	(2,613)
Total Other Financing Sources (Uses)	-	-	(2,613)	(2,613)
Net Change in Fund Balances	2,261	32,611	(283)	(32,894)
Fund Balance - Beginning	283	283	283	-
Fund Balance - Ending	\$ 2,544	\$ 32,894	\$ -	\$ (32,894)

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2006

	Total Special Revenue Funds	Total Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ (27,620)	\$ -	\$ (27,620)
Investments	9,708,850	-	9,708,850
Receivables			
Taxes Receivable - Current	373,650	-	373,650
Taxes Receivable - Delinquent	12	-	12
Taxes Receivable - Deferred	271,520	-	271,520
Assessments Receivable - Delinquent	17,474	-	17,474
Assessments Receivable - Non Current	275,334	-	275,334
Assessments Receivable - Suspense	443,931	-	443,931
Assessments Receivable - Future	227,834	-	227,834
Assessments Receivable - Deferred	75,043	-	75,043
Assessments Receivable - Utilities	2,411	-	2,411
Accounts Receivable	49,406	67,195	116,601
Notes Receivable	368,019	-	368,019
Interest Receivable	99,765	72,215	171,980
Intergovernmental Receivable	29,368	2,558,789	2,588,157
Due From Other Funds	357,350	1,023,368	1,380,718
Prepaid Items	4,083	-	4,083
Restricted Assets:			
Cash	-	177,712	177,712
Investments	-	6,791,000	6,791,000
Unamortized Discounts On Bonds	-	-	-
Work In Progress	-	55,657,133	55,657,133
Total Assets	<u>\$ 12,276,430</u>	<u>\$ 66,347,412</u>	<u>\$ 78,623,842</u>
LIABILITIES			
Accounts Payable	\$ 8,540	\$ 56,313	\$ 64,853
Contracts Payable	-	6,847,354	6,847,354
Due To Other Funds	363,112	814,201	1,177,313
Intergovernmental Payable	105,520	-	105,520
Deferred Revenue	582,208	2,494,679	3,076,887
Authorized Construction	-	55,657,133	55,657,133
Total Liabilities	<u>1,059,380</u>	<u>65,869,680</u>	<u>66,929,060</u>
FUND BALANCES			
Reserved - Debt Service	4,500,000	-	4,500,000
Reserved - Prepaid Items	4,083	-	4,083
Reserved - Petty Cash	50	-	50
Reserved - Working Capital	70,895	-	70,895
Unreserved - Designated Future Exp.	6,642,022	477,732	7,119,754
Total Fund Balances	<u>11,217,050</u>	<u>477,732</u>	<u>11,694,782</u>
Total Liabilities and Fund Balances	<u>\$ 12,276,430</u>	<u>\$ 66,347,412</u>	<u>\$ 78,623,842</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds
For the Year Ended December 31, 2006

	Total Special Revenue Funds	Total Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
General Taxes	\$ 1,856,849	\$ -	\$ 1,856,849
Intergovernmental	541,281	2,857,573	3,398,854
Service Charges	1,482	-	1,482
Special Assessments	235,011	6,168	241,179
Developer's Fees	-	494,290	494,290
Miscellaneous Revenue	575,130	191,579	766,709
Total Revenues	<u>3,209,753</u>	<u>3,549,610</u>	<u>6,759,363</u>
EXPENDITURES			
Culture and Recreation	229,930	-	229,930
Economic Development	187,511	-	187,511
Capital Projects	-	11,449,701	11,449,701
Total Expenditures	<u>417,441</u>	<u>11,449,701</u>	<u>11,867,142</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,792,312</u>	<u>(7,900,091)</u>	<u>(5,107,779)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	1,107,615	1,107,615
Operating Transfers Out	(1,228,046)	(281,145)	(1,509,191)
Bond Proceeds	-	8,778,043	8,778,043
Total Other Financing Sources (Uses)	<u>(1,228,046)</u>	<u>9,604,513</u>	<u>8,376,467</u>
Net Change in Fund Balances	1,564,266	1,704,422	3,268,688
Fund Balances - Beginning	<u>9,652,784</u>	<u>(1,226,690)</u>	<u>8,426,094</u>
Fund Balances - Ending	<u>\$ 11,217,050</u>	<u>\$ 477,732</u>	<u>\$ 11,694,782</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2006

	Economic Development Revolving Loan	Industrial Development	W.R.A.C. - 8	Convention and Visitors Bureau
ASSETS				
Cash and Cash Equivalents	\$ 109	\$ (28,748)	\$ 135	\$ 187
Investments	43,500	-	263,000	217,000
Receivables				
Taxes Receivable - Current	-	-	-	10,546
Taxes Receivable - Delinquent	-	-	-	-
Taxes Receivable - Deferred	-	-	-	-
Assessments Receivable - Delinquent	-	-	-	-
Assessments Receivable - Non Current	-	-	-	-
Assessments Receivable - Suspense	-	-	-	-
Assessments Receivable - Future	-	-	-	-
Assessments Receivable - Deferred	-	-	-	-
Assessments Receivable - Utilities	-	-	-	-
Accounts Receivable	-	1,500	47,852	54
Notes Receivable	368,019	-	-	-
Interest Receivable	460	-	2,809	2,298
Intergovernmental Receivable	-	-	-	-
Due From Other Funds	-	54,000	-	-
Prepaid Items	-	-	816	3,267
Work In Progress	-	-	-	-
Total Assets	<u>\$ 412,088</u>	<u>\$ 26,752</u>	<u>\$ 314,612</u>	<u>\$ 233,352</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 4,500	\$ 816	\$ 3,224
Contracts Payable	-	-	-	-
Due To Other Funds	-	18,000	33,773	17,213
Intergovernmental Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Authorized Construction	-	-	-	-
Total Liabilities	<u>-</u>	<u>22,500</u>	<u>34,589</u>	<u>20,437</u>
FUND BALANCES				
Reserved - Debt Service	-	-	-	-
Reserved - Prepaid Items	-	-	816	3,267
Reserved - Petty Cash	-	-	-	50
Reserved - Working Capital	-	-	39,701	31,194
Unreserved - Designated Future Exp.	412,088	4,252	239,506	178,404
Total Fund Balances	<u>412,088</u>	<u>4,252</u>	<u>280,023</u>	<u>212,915</u>
Total Liabilities and Fund Balances	<u>\$ 412,088</u>	<u>\$ 26,752</u>	<u>\$ 314,612</u>	<u>\$ 233,352</u>

City of Willmar, Minnesota
Combining Balance Sheet
NonMajor Governmental Funds/Special Revenue
December 31, 2006

Community Development	Local Option Sales Tax	Community Investment	Total Special Revenue Funds
\$ -	\$ 524	\$ 173	\$ (27,620)
-	308,000	8,877,350	9,708,850
-	363,104	-	373,650
-	-	12	12
-	-	271,520	271,520
-	-	17,474	17,474
-	-	275,334	275,334
-	-	443,931	443,931
-	-	227,834	227,834
-	-	75,043	75,043
-	-	2,411	2,411
-	-	-	49,406
-	-	-	368,019
-	3,269	90,929	99,765
-	-	29,368	29,368
-	-	303,350	357,350
-	-	-	4,083
-	-	-	-
<u>\$ -</u>	<u>\$ 674,897</u>	<u>\$ 10,614,729</u>	<u>\$ 12,276,430</u>
\$ -	\$ -	\$ -	\$ 8,540
-	-	-	-
-	-	294,126	363,112
-	-	105,520	105,520
-	-	582,208	582,208
-	-	-	-
-	-	981,854	1,059,380
-	-	4,500,000	4,500,000
-	-	-	4,083
-	-	-	50
-	-	-	70,895
-	674,897	5,132,875	6,642,022
-	674,897	9,632,875	11,217,050
<u>\$ -</u>	<u>\$ 674,897</u>	<u>\$ 10,614,729</u>	<u>\$ 12,276,430</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2006

	Economic Development Revolving Loan	Industrial Development	W.R.A.C. - 8	Convention and Visitors Bureau
REVENUES				
General Taxes	\$ -	\$ -	\$ -	\$ 146,705
Intergovernmental	400,000	-	-	16,380
Service Charges	-	-	-	1,482
Special Assessments	-	-	-	-
Miscellaneous Revenue	12,088	-	192,082	7,636
Total Revenues	412,088	-	192,082	172,203
EXPENDITURES				
Culture and Recreation	-	-	130,850	99,080
Economic Development	-	498	-	-
Total Expenditures	-	498	130,850	99,080
Excess (Deficiency) of Revenues Over (Under) Expenditures	412,088	(498)	61,232	73,123
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	(17,215)	(10,335)
Total Other Financing Sources (Uses)	-	-	(17,215)	(10,335)
Net Change in Fund Balances	412,088	(498)	44,017	62,788
Fund Balances - Beginning	-	4,750	236,006	150,127
Fund Balances - Ending	\$ 412,088	\$ 4,252	\$ 280,023	\$ 212,915

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
NonMajor Governmental Funds/Special Revenue
For the Year Ended December 31, 2006

Community Development	Local Option Sales Tax	Community Investment	Total Special Revenue Funds
\$ -	\$ 1,710,143	\$ 1	\$ 1,856,849
124,901	-	-	541,281
-	-	-	1,482
-	-	235,011	235,011
-	13,716	349,608	575,130
124,901	1,723,859	584,620	3,209,753
-	-	-	229,930
124,901	60,212	1,900	187,511
124,901	60,212	1,900	417,441
-	1,663,647	582,720	2,792,312
-	-	-	-
-	(988,750)	(211,746)	(1,228,046)
-	(988,750)	(211,746)	(1,228,046)
-	674,897	370,974	1,564,266
-	-	9,261,901	9,652,784
\$ -	\$ 674,897	\$ 9,632,875	\$ 11,217,050

City of Willmar, Minnesota
Economic Development Revolving Loan Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental				
Federal Grants				
Community Development Grant	\$ -	\$ -	\$ 400,000	\$ 400,000
Miscellaneous Revenue				
Interest Earnings	-	-	12,088	12,088
Total Revenues	-	-	412,088	412,088
EXPENDITURES				
Other Services/Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	412,088	412,088
OTHER FINANCING SOURCES (USES)				
Transfer In - General	-	-	-	-
Transfer Out - C.P. Airport	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	412,088	412,088
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 412,088	\$ 412,088

City of Willmar, Minnesota
Industrial Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous Revenue				
Refunds/Reimbursements	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Other Services/Charges	-	-	498	498
Capital Outlay	-	-	-	-
Total Expenditures	-	-	498	498
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(498)	(498)
OTHER FINANCING SOURCES (USES)				
Transfer In - General	-	-	-	-
Transfer Out - C.P. Airport	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(498)	(498)
Fund Balance - Beginning	-	-	4,750	4,750
Fund Balance - Ending	\$ -	\$ -	\$ 4,252	\$ 4,252

City of Willmar, Minnesota
WRAC - 8 Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous Revenue				
Interest Earnings	\$ 7,000	\$ 7,000	\$ 9,274	\$ 2,274
Sale of Materials	500	500	128	(372)
Contributions/Donations	170,000	170,000	182,679	12,679
Total Miscellaneous Revenue	177,500	177,500	192,081	14,581
Total Revenues	177,500	177,500	192,081	14,581
EXPENDITURES				
Personal Services	105,713	105,713	108,212	2,499
Supplies	8,425	8,425	7,406	(1,019)
Other Services/Charges	17,875	17,875	15,231	(2,644)
Total Expenditures	132,013	132,013	130,849	(1,164)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	45,487	45,487	61,232	15,745
OTHER FINANCING SOURCES (USES)				
Transfer Out - Capital Improvements	(17,215)	(17,215)	(17,215)	-
Total Other Financing Sources (Uses)	(17,215)	(17,215)	(17,215)	-
Net Change in Fund Balances	28,272	28,272	44,017	15,745
Fund Balances - Beginning	236,006	236,006	236,006	-
Fund Balances - Ending	\$ 264,278	\$ 264,278	\$ 280,023	\$ 15,745

City of Willmar, Minnesota
Convention & Visitors' Bureau Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Hotel-Motel Tax	\$ 133,000	\$ 133,000	\$ 146,705	\$ 13,705
Intergovernmental				
State Reimbursements	-	-	2,493	2,493
Kandiyohi County Camping Fees	14,500	14,500	12,887	(1,613)
Kandiyohi County Grants	1,000	1,000	1,000	-
Total Intergovernmental	15,500	15,500	16,380	880
Service Charges				
Advertising Sales	-	-	1,482	1,482
Miscellaneous Revenue				
Miscellaneous	3,000	3,000	828	(2,172)
Interest Earnings	1,500	1,500	6,808	5,308
Total Miscellaneous Revenue	4,500	4,500	7,636	3,136
Total Revenue	153,000	153,000	172,203	19,203
EXPENDITURES				
Personal Services	64,150	64,150	44,284	(19,866)
Supplies	8,200	8,200	7,540	(660)
Other Services and Charges	29,450	29,450	18,383	(11,067)
Ad Development	1,500	1,500	360	(1,140)
Conference & Convention	17,000	17,000	7,511	(9,489)
Group Tour Promotions	800	800	978	178
Leisure Travel	17,000	17,000	12,560	(4,440)
Fall/Winter Promotions	3,500	3,500	-	(3,500)
Spring/Summer Promotions	3,500	3,500	795	(2,705)
Special Projects	7,500	7,500	3,500	(4,000)
Strategic Marketing	-	-	3,169	3,169
Total Expenditures	152,600	152,600	99,080	(53,520)
Excess (Deficiency) of Revenues Over (Under) Expenditures	400	400	73,123	72,723
OTHER FINANCING SOURCES (USES)				
Transfers Out - General	(6,500)	(6,500)	(7,335)	(835)
Transfers Out - Capital Improvement	(3,000)	(3,000)	(3,000)	-
Total Other Financing Sources (Uses)	(9,500)	(9,500)	(10,335)	(835)
Net Change in Fund Balances	(9,100)	(9,100)	62,788	71,888
Fund Balance - Beginning	150,127	150,127	150,127	-
Fund Balance - Ending	\$ 141,027	\$ 141,027	\$ 212,915	\$ 71,888

City of Willmar, Minnesota
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental				
State Grants - Comm Development Block Grant	-	-	124,901	124,901
Total Revenues	-	-	124,901	124,901
EXPENDITURES				
Other Services & Charges	-	-	124,901	124,901
Total Expenditures	-	-	124,901	124,901
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfer Out - General	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

City of Willmar, Minnesota
Local Option Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Sales/Use Tax	\$ 1,500,000	\$ 1,500,000	\$ 1,642,463	\$ 142,463
Excise Tax			\$ 67,680	
Total General Taxes	1,500,000	1,500,000	1,710,143	142,463
Miscellaneous Revenue				
Miscellaneous	-	-	14	14
Interest Earnings	-	-	13,702	13,702
Total Miscellaneous Revenue	-	-	13,716	13,716
Total Revenue	1,500,000	1,500,000	1,723,859	156,179
EXPENDITURES				
Other Services and Charges	-	-	60,212	60,212
Total Expenditures	-	-	60,212	60,212
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,500,000	1,500,000	1,663,647	95,967
OTHER FINANCING SOURCES (USES)				
Transfers Out - CP Local Opt Sales T	(1,500,000)	(1,500,000)	(988,750)	511,250
Total Other Financing Sources (Uses)	(1,500,000)	(1,500,000)	(988,750)	511,250
Net Change in Fund Balances	-	-	674,897	607,217
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 674,897	\$ 607,217

City of Willmar, Minnesota
Community Investment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006

	Budget Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUES				
General Taxes				
Delinquent Ad Valorem	\$ -	\$ -	\$ 1	\$ 1
Special Assessments				
Special Assessments	117,805	117,805	235,011	117,206
Miscellaneous Revenue				
Miscellaneous	-	-	(6,823)	(6,823)
Interest Earnings	240,000	240,000	356,431	116,431
Total Revenues	357,805	357,805	584,620	226,815
EXPENDITURES				
Other Disbursements	-	-	1,900	1,900
Total Expenditures	-	-	1,900	1,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	357,805	357,805	582,720	224,915
OTHER FINANCING SOURCES (USES)				
Transfers Out				
D.S. 2000 Bond	(22,207)	(22,207)	(32,207)	(10,000)
D.S. 2001 Bond	(46,949)	(46,949)	(46,949)	-
D.S. 2002 Bond	(25,000)	(25,000)	(25,000)	-
D.S. 2004 Bond	(9,185)	(9,185)	(9,185)	-
D.S. 1996 Bond	(98,405)	(98,405)	(98,405)	-
D.S. 1997 Bond	(28,183)	(28,183)	-	28,183
Total Transfers Out	(229,929)	(229,929)	(211,746)	18,183
Total Other Financing Sources (Uses)	(229,929)	(229,929)	(211,746)	18,183
Net Change in Fund Balances	127,876	127,876	370,974	206,732
Fund Balance - Beginning	9,261,901	9,261,901	9,261,901	-
Fund Balance - Ending	\$ 9,389,777	\$ 9,389,777	\$ 9,632,875	\$ 206,732

City of Willmar, Minnesota
Combing Balance Sheet
NonMajor Governmental Funds/Capital Projects
December 31, 2006

	<u>Street Water-Sewer</u>	<u>Local Option Sales Tax</u>	<u>Airport</u>	<u>Waste Treatment Improvement</u>
ASSETS				
Receivables				
Accts Receivable	\$ 65,549	\$ -	\$ 1,646	\$ -
Interest Receivable	7,712	9,959	-	53,165
Intergov't Rcvble	64,110	96,224	2,398,455	-
Due From Other Funds	9,296	-	-	176,000
Restricted Assets				
Cash	(19,219)	343	116,830	78,801
Investments	723,000	937,000	-	5,000,000
Unamort Discounts/Bond	-	-	-	-
Work In Progress	16,323,381	62,155	20,534,884	13,900,399
Total Assets	<u>\$ 17,173,829</u>	<u>\$ 1,105,681</u>	<u>\$ 23,051,815</u>	<u>\$ 19,208,365</u>
LIABILITIES				
Accounts Payable	\$ 310	\$ -	\$ 4,847	\$ -
Contracts Payable	1,560,977	15,498	1,441,756	3,821,617
Due To Other Funds	301,786	-	480,187	-
Intergov't Payable	-	-	-	-
Deferred Revenue	-	96,224	2,398,455	-
Authorized Construct.	16,323,381	62,155	20,534,884	13,900,399
Total Liabilities	<u>18,186,454</u>	<u>173,877</u>	<u>24,860,129</u>	<u>17,722,016</u>
FUND BALANCES				
Unreserved-Designated	<u>(1,012,625)</u>	<u>931,804</u>	<u>(1,808,314)</u>	<u>1,486,349</u>
Total Fund Balance	<u>(1,012,625)</u>	<u>931,804</u>	<u>(1,808,314)</u>	<u>1,486,349</u>
Total Liabilities/Fund Bal.	<u>\$ 17,173,829</u>	<u>\$ 1,105,681</u>	<u>\$ 23,051,815</u>	<u>\$ 19,208,365</u>

<u>Library</u>	<u>Capital Improvement</u>	<u>Aquatic Center</u>	<u>Baker Diamond Stadium</u>	<u>Total Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 67,195
-	1,379	-	-	72,215
-	-	-	-	2,558,789
-	838,072	-	-	1,023,368
-	957	-	-	177,712
-	131,000	-	-	6,791,000
-	-	-	-	-
4,217,989	-	-	618,325	55,657,133
<u>\$ 4,217,989</u>	<u>\$ 971,408</u>	<u>\$ -</u>	<u>\$ 618,325</u>	<u>\$ 66,347,412</u>
\$ -	\$ 51,095	\$ -	\$ 61	\$ 56,313
-	-	-	7,506	6,847,354
-	32,228	-	-	814,201
-	-	-	-	-
-	-	-	-	2,494,679
4,217,989	-	-	618,325	55,657,133
<u>4,217,989</u>	<u>83,323</u>	<u>-</u>	<u>625,892</u>	<u>65,869,680</u>
-	888,085	-	(7,567)	477,732
-	888,085	-	(7,567)	477,732
<u>\$ 4,217,989</u>	<u>\$ 971,408</u>	<u>\$ -</u>	<u>\$ 618,325</u>	<u>\$ 66,347,412</u>

City of Willmar, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NonMajor Governmental Funds/Capital Projects
For the Year Ended December 31, 2006

	Street Water-Sewer	Local Option Sales Tax	Airport	Waste Treatment Improvement
REVENUES				
Intergovernmental	\$ 717,047	\$ -	\$ 2,140,526	\$ -
Service Charges	-	-	-	-
Special Assessments	6,168	-	-	-
Developers' Fees	494,290	-	-	-
Miscellaneous	26,253	9,959	49,904	53,165
Total Revenues	<u>1,243,758</u>	<u>9,959</u>	<u>2,190,430</u>	<u>53,165</u>
EXPENDITURES				
Capital/Construction Projects	<u>4,291,362</u>	<u>62,155</u>	<u>1,548,923</u>	<u>4,956,772</u>
Total Expenditures	<u>4,291,362</u>	<u>62,155</u>	<u>1,548,923</u>	<u>4,956,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,047,604)</u>	<u>(52,196)</u>	<u>641,507</u>	<u>(4,903,607)</u>
OTH FINANC SOURCES (USES)				
Operating Transfers In	-	988,750	15,371	-
Operating Transfers Out	(250,000)	-	-	-
Bond Proceeds	<u>1,941,496</u>	<u>-</u>	<u>-</u>	<u>6,836,547</u>
Total Oth Financing Sources (Uses)	<u>1,691,496</u>	<u>988,750</u>	<u>15,371</u>	<u>6,836,547</u>
Net Change in Fund Balances	(1,356,108)	936,554	656,878	1,932,940
Fund Balance - Beginning	<u>343,483</u>	<u>(4,750)</u>	<u>(2,465,192)</u>	<u>(446,591)</u>
Fund Balance- Ending	<u>\$ (1,012,625)</u>	<u>\$ 931,804</u>	<u>\$ (1,808,314)</u>	<u>\$ 1,486,349</u>

Library	Capital Improvement	Aquatic Center	Baker Diamond Stadium	Total Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,857,573
-	-	-	-	-
-	-	-	-	6,168
-	-	-	-	494,290
-	16,048	-	36,250	191,579
-	16,048	-	36,250	3,549,610
-	537,141	(12,033)	65,381	11,449,701
-	537,141	(12,033)	65,381	11,449,701
-	(521,093)	12,033	(29,131)	(7,900,091)
-	59,850	13,644	30,000	1,107,615
-	(31,145)	-	-	(281,145)
-	-	-	-	8,778,043
-	28,705	13,644	30,000	9,604,513
-	(492,388)	25,677	869	1,704,422
-	1,380,473	(25,677)	(8,436)	(1,226,690)
\$ -	\$ 888,085	\$ -	\$ (7,567)	\$ 477,732

City of Willmar, Minnesota
Street - Water & Sewer Capital Project Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	Prior Years	2006 Current	Total To Date	Project Authorization
REVENUES				
Intergovernmental	\$ 25,605,433	\$ 717,047	\$ 26,322,480	\$ 19,512,379
Service Charges	421,821	-	421,821	-
Special Assessments	736,857	6,168	743,025	1,472,664
Developers' Fees	949,139	494,290	1,443,429	312,356
Miscellaneous	1,149,948	26,253	1,176,201	56,004
Total Revenues	28,863,198	1,243,758	30,106,956	21,353,403
EXPENDITURES				
Construction Projects	50,140,993	4,291,362	54,432,355	38,863,964
Total Expenditures	50,140,993	4,291,362	54,432,355	38,863,964
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,277,795)	(3,047,604)	(24,325,399)	(17,510,561)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,929,282	-	1,929,282	1,942,615
Operating Transfers Out	(4,180,879)	(250,000)	(4,430,879)	(200,000)
Bond Proceeds	25,095,806	1,941,496	27,037,302	14,967,046
Total Other Financing Sources (Uses)	22,844,209	1,691,496	24,535,705	16,709,661
Net Change in Fund Balances	\$ 1,566,414	(1,356,108)	\$ 210,306	\$ (800,900)
Fund Balance - Beginning		343,483		
Fund Balance - Ending		\$ (1,012,625)		

City of Willmar, Minnesota
Local Option Sales Tax Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	Prior Years	2006 Current	Total To Date	Project Authorization
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Service Charges	-	-	-	-
Interest On Investments	-	9,959	9,959	-
Miscellaneous	-	-	-	-
Total Revenues	-	9,959	9,959	-
EXPENDITURES				
Construction Projects	4,750	62,155	66,905	1,300,000
Total Expenditures	4,750	62,155	66,905	1,300,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,750)	(52,196)	(56,946)	(1,300,000)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	988,750	988,750	1,500,000
Operating Transfers Out	-	-	-	(240,060)
Bond Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	988,750	988,750	1,259,940
Net Change in Fund Balances	<u>\$ (4,750)</u>	<u>936,554</u>	<u>\$ 931,804</u>	<u>\$ (40,060)</u>
Fund Balance - Beginning		<u>(4,750)</u>		
Fund Balance - Ending		<u>\$ 931,804</u>		

City of Willmar, Minnesota
Airport Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	<u>Prior Years</u>	<u>2006 Current</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental	\$ 9,238,198	\$ 2,140,526	\$ 11,378,724	\$ 3,248,627
Service Charges	1,905	-	1,905	170,000
Interest On Investments	49,414	-	49,414	-
Miscellaneous	652	49,904	50,556	-
Total Revenues	<u>9,290,169</u>	<u>2,190,430</u>	<u>11,480,599</u>	<u>3,418,627</u>
EXPENDITURES				
Construction Projects	<u>19,074,676</u>	<u>1,548,923</u>	<u>20,623,599</u>	<u>5,184,259</u>
Total Expenditures	<u>19,074,676</u>	<u>1,548,923</u>	<u>20,623,599</u>	<u>5,184,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,784,507)</u>	<u>641,507</u>	<u>(9,143,000)</u>	<u>(1,765,632)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,467,715	15,371	2,483,086	1,340,632
Operating Transfers Out	(7,077)	-	(7,077)	-
Bond Proceeds	<u>2,072,700</u>	<u>-</u>	<u>2,072,700</u>	<u>425,000</u>
Total Other Financing Sources (Uses)	<u>4,533,338</u>	<u>15,371</u>	<u>4,548,709</u>	<u>1,765,632</u>
Net Change in Fund Balances	<u>\$ (5,251,169)</u>	<u>656,878</u>	<u>\$ (4,594,291)</u>	<u>\$ -</u>
Fund Balance - Beginning		<u>(2,465,192)</u>		
Fund Balance - Ending		<u>\$ (1,808,314)</u>		

City of Willmar, Minnesota
Waste Treatment Plant Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	Prior Years	2006 Current	Total To Date	Project Authorization
REVENUES				
Service Charges	\$ 916	\$ -	\$ 916	\$ -
Miscellaneous	7,409	-	7,409	321,849
Interest	-	53,165	53,165	-
Total Revenues	8,325	53,165	61,490	321,849
EXPENDITURES				
Construction Projects	8,943,626	4,956,772	13,900,398	16,916,343
Total Expenditures	8,943,626	4,956,772	13,900,398	16,916,343
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,935,301)	(4,903,607)	(13,838,908)	(16,594,494)
OTHER FINANCING SOURCES (USES)				
Transfers In	666,000	-	666,000	770,000
Transfers Out	(3,900)	-	(3,900)	-
Bond Proceeds	7,826,610	6,836,547	14,663,157	15,824,494
Total Other Financing Sources (Uses)	8,488,710	6,836,547	15,325,257	16,594,494
Net Change in Fund Balances	\$ (446,591)	1,932,940	\$ 1,486,349	\$ -
Fund Balance - Beginning		(446,591)		
Fund Balance - Ending		\$ 1,486,349		

City of Willmar, Minnesota
Library Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	Prior Years	2006 Current	Total To Date	Project Authorization
REVENUES				
Intergovernmental	\$ 195,191	\$ -	\$ 195,191	\$ -
Miscellaneous	240,012	-	240,012	-
Total Revenues	435,203	-	435,203	-
EXPENDITURES				
Construction Projects	4,207,926	-	4,207,926	4,300,000
Total Expenditures	4,207,926	-	4,207,926	4,300,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,772,723)	-	(3,772,723)	(4,300,000)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(527,277)	-	(527,277)	-
Bond Proceeds	4,300,000	-	4,300,000	4,300,000
Total Other Financing Sources (Uses)	3,772,723	-	3,772,723	4,300,000
Net Change in Fund Balances	\$ -	-	\$ -	\$ -
Fund Balance - Beginning		-		
Fund Balance - Ending		\$ -		

City of Willmar, Minnesota
Capital Improvement Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	<u>Prior Years</u>	<u>2006 Current</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental	\$ 46,829	\$ -	\$ 46,829	\$ 16,480
Miscellaneous	864	-	864	-
Interest Income	38,679	16,048	54,727	290,000
Total Revenues	<u>86,372</u>	<u>16,048</u>	<u>102,420</u>	<u>306,480</u>
EXPENDITURES				
Construction Projects	<u>4,106,657</u>	<u>537,141</u>	<u>4,643,798</u>	<u>1,639,781</u>
Total Expenditures	<u>4,106,657</u>	<u>537,141</u>	<u>4,643,798</u>	<u>1,639,781</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(4,020,285)</u>	<u>(521,093)</u>	<u>(4,541,378)</u>	<u>(1,333,301)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	5,106,302	59,850	5,166,152	1,326,708
Operating Transfers Out	<u>(460,967)</u>	<u>(31,145)</u>	<u>(492,112)</u>	<u>(58,690)</u>
Total Other Financing Sources (Uses)	<u>4,645,335</u>	<u>28,705</u>	<u>4,674,040</u>	<u>1,268,018</u>
Net Change in Fund Balances	<u>\$ 625,050</u>	<u>(492,388)</u>	<u>\$ 132,662</u>	<u>\$ (65,283)</u>
Fund Balance - Beginning		<u>1,380,473</u>		
Fund Balance - Ending		<u>\$ 888,085</u>		

City of Willmar, Minnesota
Aquatic Center Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	<u>Prior Years</u>	<u>2006 Current</u>	<u>Total To Date</u>	<u>Project Authorization</u>
REVENUES				
Contributions/Donations	\$ 1,204,255	\$ -	\$ 1,204,255	\$ 1,200,000
Total Revenues	<u>1,204,255</u>	<u>-</u>	<u>1,204,255</u>	<u>1,200,000</u>
EXPENDITURES				
Construction Projects	1,895,538	(12,033)	1,883,505	1,822,027
Total Expenditures	<u>1,895,538</u>	<u>(12,033)</u>	<u>1,883,505</u>	<u>1,822,027</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(691,283)</u>	<u>12,033</u>	<u>(679,250)</u>	<u>(622,027)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	665,606	13,644	679,250	622,027
Total Other Financing Sources (Uses)	<u>665,606</u>	<u>13,644</u>	<u>679,250</u>	<u>622,027</u>
Net Change in Fund Balances	<u>\$ (25,677)</u>	<u>25,677</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning		<u>(25,677)</u>		
Fund Balance - Ending		<u><u>\$ -</u></u>		

City of Willmar, Minnesota
Baker Diamond Baseball Stadium Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended December 31, 2006

	Prior Years	2006 Current	Total To Date	Project Authorization
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Service Charges	789	-	789	-
Miscellaneous	453,719	36,250	489,969	571,547
Total Revenues	454,508	36,250	490,758	571,547
EXPENDITURES				
Construction Projects	552,944	65,381	618,325	751,547
Total Expenditures	552,944	65,381	618,325	751,547
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(98,436)	(29,131)	(127,567)	(180,000)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	90,000	30,000	120,000	180,000
Total Other Financing Sources (Uses)	90,000	30,000	120,000	180,000
Net Change in Fund Balances	\$ (8,436)	869	\$ (7,567)	\$ -
Fund Balance - Beginning		(8,436)		
Fund Balance - Ending		\$ (7,567)		

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Net Assets
December 31, 2006

	Office Services	Public Improve. Revolving	Total
ASSETS			
Current Assets:			
Cash And Cash Equivalents	\$ 231	\$ 99,957	\$ 100,188
Investments	81,000	638,000	719,000
Interest Receivable	868	6,793	7,661
Intergovernmental Receivable	-	35,764	35,764
Due From Other Funds	-	510,187	510,187
Inventories - Merchandise For Resale	5,176	-	5,176
Prepaid Items	558	-	558
Total Current Assets	<u>87,833</u>	<u>1,290,701</u>	<u>1,378,534</u>
Restricted Assets:			
Temporarily Restricted Assets:			
Cash and Cash Equivalents	-	(99,187)	(99,187)
Total Restricted Assets	<u>-</u>	<u>(99,187)</u>	<u>(99,187)</u>
Noncurrent Assets:			
Capital Assets:			
Office Equipment	11,680	-	11,680
Less Accumulated Depreciation	<u>(10,512)</u>	<u>-</u>	<u>(10,512)</u>
Total Capital Assets (net of accumulated depreciation)	<u>1,168</u>	<u>-</u>	<u>1,168</u>
Total Assets	<u>89,001</u>	<u>1,191,514</u>	<u>1,280,515</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	595	-	595
Due To Other Funds	<u>-</u>	<u>185,692</u>	<u>185,692</u>
Total Current Liabilities	<u>595</u>	<u>185,692</u>	<u>186,287</u>
NET ASSETS			
Invested In Capital Assets	1,168	-	1,168
Unrestricted	<u>87,238</u>	<u>1,005,822</u>	<u>1,093,060</u>
Total Net Assets	<u><u>\$ 88,406</u></u>	<u><u>\$ 1,005,822</u></u>	<u><u>\$ 1,094,228</u></u>

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006

	Office Services	Public Improve. Revolving	Total
Operating Revenues:			
Charges For Services	\$ 30,019	\$ -	\$ 30,019
Total Operating Revenues	30,019	-	30,019
Operating Expenses:			
Cost of Materials Used:			
Inventory, January 1	4,443	-	4,443
Purchases	13,682	-	13,682
Total Available	18,125	-	18,125
Inventory, December 31	(5,176)	-	(5,176)
Total Cost of Materials Used	12,949	-	12,949
Other Services And Charges	8,609	-	8,609
Total Operating Expenses	21,558	-	21,558
Operating Income (Loss)	8,461	-	8,461
Nonoperating Revenues (Expenses):			
Interest On Investments	2,913	38,813	41,726
Income (Loss) Before Contributions and Transfers	11,374	38,813	50,187
Operating Transfers Out	-	(185,692)	(185,692)
Change in Net Assets	11,374	(146,879)	(135,505)
Total Net Assets - Beginning	77,032	1,152,701	1,229,733
Total Net Assets - Ending	\$ 88,406	\$ 1,005,822	\$ 1,094,228

City of Willmar, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006

	Office Services	Public Improvement Revolving	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Charges For Services	\$ 30,019	\$ -	\$ 30,019
Payments For Purchases	(13,966)	-	(13,966)
Payments For Other Services and Charges	(8,609)	-	(8,609)
Liquidation of Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>7,444</u>	<u>-</u>	<u>7,444</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from Other Funds	-	27,234	27,234
Transfer to Other Funds	-	(511,187)	(511,187)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>(483,953)</u>	<u>(483,953)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal Payments on Long-Term Debt	-	-	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sales and Maturities of Investments	-	437,000	437,000
Purchase of Investments	(16,000)	(25,000)	(41,000)
Interest and Dividends Received	2,536	40,066	42,602
Net Cash Provided (Used) from Investing Activities	<u>(13,464)</u>	<u>452,066</u>	<u>438,602</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,020)	(31,887)	(37,907)
Cash and Cash Equivalents - Beginning	6,251	32,657	38,908
Cash and Cash Equivalents - Ending	<u>\$ 231</u>	<u>\$ 770</u>	<u>\$ 1,001</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 8,461	\$ -	\$ 8,461
Adjustments to Reconcile Operating Income from to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	-	-
(Increase) Decrease in Intergovernmental Receivable	-	-	-
(Increase) Decrease in Due From Other Funds	-	-	-
(Increase) Decrease in Inventories	(732)	-	(732)
Increase (Decrease) in Accounts Payable	(285)	-	(285)
Increase (Decrease) in Due to Other Funds	-	-	-
Total Adjustments	<u>(1,017)</u>	<u>-</u>	<u>(1,017)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,444</u>	<u>\$ -</u>	<u>\$ 7,444</u>
Noncash Investing, Capital, and Financing Activities:			
Contributions of Capital Assets from Government	\$ -		
Capital Asset Trade-Ins	\$ -		

City of Willmar, Minnesota

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules By Source*

December 31, 2006 and 2005

	2006	2005
Governmental Funds Capital Assets:		
Land	\$ 3,683,559	\$ 3,607,998
Buildings and Structures	7,074,646	5,573,820
Furniture and Equipment	2,949,927	2,614,755
Machinery and Auto Equipment	6,274,816	6,170,625
Other Improvements	72,633,358	72,460,460
Total Governmental Funds Capital Assets	<u>\$ 92,616,306</u>	<u>\$ 90,427,658</u>
Investments in Governmental Funds Capital Assets By Source:		
General Fund	\$ 91,966,536	\$ 89,789,153
Special Revenue Fund	649,770	638,505
Capital Projects Funds	-	-
Total Governmental Funds Capital Assets	<u>\$ 92,616,306</u>	<u>\$ 90,427,658</u>

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Willmar, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity*
December 31, 2006

FIXED ASSETS-2006						
	Total	Land	Buildings/ Structures	Furniture/ Equipment	Machinery/ Auto	Other Improvements
<u>GENERAL GOVERNMENT</u>						
Mayor & Council	\$ 23,512	\$ -	\$ -	\$ 23,512	\$ -	\$ -
City Development	45,926	9,060	-	-	35,561	1,305
City Clerk-Treas.	2,696	-	-	2,696	-	-
Assessing	5,325	-	-	-	-	5,325
Accounting	1,268	-	-	1,268	-	-
City Hall	800,472	40,000	661,767	21,222	53,535	23,948
Data Processing	414,411	-	-	350,096	-	64,315
Elections	86,970	-	-	86,970	-	-
Non-Departmental	149,181	-	-	149,181	-	-
Indust. Dev.	277,901	277,901	-	-	-	-
W.R.A.C. - 8	353,453	-	95,461	257,992	-	-
Total	<u>2,161,115</u>	<u>326,961</u>	<u>757,228</u>	<u>892,937</u>	<u>89,096</u>	<u>94,893</u>
<u>PUBLIC SAFETY</u>						
Police Dept.	712,565	-	3,146	279,607	429,812	-
Trust & Agency K-9	5,000	-	-	5,000	-	-
Fire Dept.	3,284,358	166,936	586,429	449,397	2,029,777	51,819
Insp. Services	-	-	-	-	-	-
Fire Inspection	-	-	-	-	-	-
Public Parking	631,870	631,870	-	-	-	-
Total	<u>4,633,793</u>	<u>798,806</u>	<u>589,575</u>	<u>734,004</u>	<u>2,459,589</u>	<u>51,819</u>
<u>HIGHWAYS</u>						
Engineering	285,168	-	-	47,709	79,084	158,375
Public Works	75,838,034	1,968,048	629,662	524,093	3,410,160	69,306,071
Street Mtce.	-	-	-	-	-	-
Snow & Ice	-	-	-	-	-	-
Signs & Signals	-	-	-	-	-	-
Tree Mtce.	-	-	-	-	-	-
Waterlines	-	-	-	-	-	-
Total	<u>76,123,202</u>	<u>1,968,048</u>	<u>629,662</u>	<u>571,802</u>	<u>3,489,244</u>	<u>69,464,446</u>
<u>SANITATION/WASTE</u>						
Storm Sewer	-	-	-	-	-	-
<u>PARK/RECREATION</u>						
Auditorium	495,699	3,000	455,557	25,142	-	12,000
Buildings & Grounds	1,013,627	112,405	21,177	159,400	6,950	713,695
Leisure Services	100,341	-	-	52,647	19,294	28,400
Civic Center	3,262,312	23,572	2,479,612	157,131	139,895	462,102
Sr. Citizens Cntr.	485,080	87,635	340,054	12,377	5,321	39,693
Aquatic Center	1,994,615	75,200	1,482,411	269,962	-	167,042
Total	<u>7,351,674</u>	<u>301,812</u>	<u>4,778,811</u>	<u>676,659</u>	<u>171,460</u>	<u>1,422,932</u>
<u>OTHER SERVICES</u>						
Airport	2,218,549	287,932	209,813	56,109	65,427	1,599,268
C.V.B	18,416	-	-	18,416	-	-
Library	109,557	-	109,557	-	-	-
Total	<u>2,346,522</u>	<u>287,932</u>	<u>319,370</u>	<u>74,525</u>	<u>65,427</u>	<u>1,599,268</u>
Grand Total	<u><u>\$92,616,306</u></u>	<u><u>\$ 3,683,559</u></u>	<u><u>\$ 7,074,646</u></u>	<u><u>\$ 2,949,927</u></u>	<u><u>\$6,274,816</u></u>	<u><u>\$ 72,633,358</u></u>

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in inter service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Willmar, Minnesota
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity*
For the Fiscal Year Ended December 31, 2006

FIXED ASSETS-2006	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	01/01/2006	Additions	Deductions	12/31/2006
<u>GENERAL GOVERNMENT</u>				
Mayor & Council	\$ 23,512	\$ -	\$ -	\$ 23,512
City Development	45,566	360	-	45,926
City Clerk-Treas.	2,696	-	-	2,696
Assessing	5,325	-	-	5,325
Accounting	1,268	-	-	1,268
City Hall	800,472	-	-	800,472
Data Processing	437,349	56,505	79,443	414,411
Elections	86,970	-	-	86,970
Non-Departmental	147,341	1,840	-	149,181
Indust. Dev.	277,901	-	-	277,901
W.R.A.C.-8	336,415	17,038	-	353,453
Total	2,164,815	75,743	79,443	2,161,115
<u>PUBLIC SAFETY</u>				
Police Dept.	688,320	101,618	77,373	712,565
Trust & Agency K-9	5,000	-	-	5,000
Fire Dept.	3,279,061	6,384	1,087	3,284,358
Insp. Services	-	-	-	-
Fire Inspection	-	-	-	-
Public Parking	631,870	-	-	631,870
Total	4,604,251	108,002	78,460	4,633,793
<u>HIGHWAYS</u>				
Engineering	295,588	431	10,852	285,167
Public Works	75,710,486	254,505	126,956	75,838,035
Street Mtce.	-	-	-	-
Snow & Ice	-	-	-	-
Signs & Signals	-	-	-	-
Tree Mtce.	-	-	-	-
Waterlines	-	-	-	-
Total	76,006,074	254,936	137,808	76,123,202
<u>SANITATION/WASTE</u>				
Storm Sewer	-	-	-	-
<u>PARK/RECREATION</u>				
Auditorium	489,359	6,340	-	495,699
Buildings & Grounds	1,013,627	-	-	1,013,627
Leisure Services	90,898	9,443	-	100,341
Civic Center	3,261,607	3,500	2,795	3,262,312
Sr. Citizens Cntr.	450,614	34,466	-	485,080
Aquatic Center	19,613	1,975,002	-	1,994,615
Total	5,325,718	2,028,751	2,795	7,351,674
<u>OTHER SERVICES</u>				
Airport	2,198,056	28,847	8,354	2,218,549
C.V.B.	19,189	2,321	3,094	18,416
Library	109,557	-	-	109,557
Total	2,326,802	31,168	11,448	2,346,522
Grand Total	\$ 90,427,660	\$ 2,498,600	\$ 309,954	\$ 92,616,306

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF WILLMAR, MINNESOTA

STATISTICAL SECTION

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

Years 1997 Through 2006

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Waste Treatment</u>	<u>Office Services</u>	<u>Public Improvement Revolv Loans</u>	<u>Total</u>
1997	\$1,511,356	\$2,888,815	\$2,424,198	\$ 2,207,293	\$1,172,122	\$2,444,164	\$1,821,207	\$ 25,952	\$ -	\$ 14,495,107
1998	\$1,861,531	\$3,312,901	\$2,230,364	\$ 8,138,744	\$1,356,215	\$2,087,885	\$2,047,903	\$ 24,000	\$ -	\$ 21,059,543
1999	\$2,017,062	\$2,859,971	\$2,303,419	\$ 3,177,207	\$1,306,779	\$2,311,975	\$2,112,338	\$ 20,381	\$ -	\$ 16,109,132
2000	\$2,145,631	\$2,992,703	\$2,406,268	\$ 2,303,681	\$1,263,707	\$2,734,904	\$2,044,265	\$ 27,276	\$ 234,799	\$ 16,153,234
2001	\$1,987,113	\$3,177,527	\$2,360,295	\$ 5,926,553	\$1,309,758	\$2,875,947	\$2,551,062	\$ 31,857	\$ 50,000	\$ 20,270,112
2002	\$2,107,030	\$3,334,687	\$2,239,998	\$ 5,647,526	\$1,359,845	\$2,583,665	\$2,449,676	\$ 23,377	\$ 35,000	\$ 19,780,804
2003	\$2,100,653	\$3,362,219	\$2,352,839	\$16,506,760	\$1,321,291	\$1,326,327	\$2,090,791	\$ 20,926	\$ -	\$ 29,081,806
2004	\$2,276,924	\$3,596,160	\$2,529,753	\$12,647,931	\$1,472,386	\$4,837,110	\$2,202,238	\$ 23,642	\$ -	\$ 29,586,144
2005	\$2,483,779	\$3,658,760	\$2,675,202	\$13,244,275	\$1,744,408	\$4,107,819	\$2,885,754	\$ 23,528	\$ -	\$ 30,823,525
2006	\$2,638,867	\$3,890,662	\$2,865,920	\$14,431,623	\$1,732,007	\$2,317,583	\$2,263,868	\$ 21,558	\$ -	\$ 30,162,088

CITY OF WILLMAR, MINNESOTA

GOVERNMENT-WIDE REVENUES

Years 1997 Through 2006

Fiscal <u>Year</u>	Program Revenues	General Revenues		
	<u>Charges For Services</u>	<u>Taxes</u>	<u>Miscellaneous Revenue</u>	<u>Total</u>
1997	\$ 592,115	\$ 2,831,346	\$ 7,576,278	\$ 10,999,739
1998	\$ 582,045	\$ 3,792,538	\$ 10,419,905	\$ 14,794,488
1999	\$ 565,650	\$ 4,114,563	\$ 8,958,740	\$ 13,638,953
2000	\$ 533,112	\$ 4,006,137	\$ 8,593,857	\$ 13,133,106
2001	\$ 630,335	\$ 4,523,868	\$ 9,453,991	\$ 14,608,194
2002	\$ 590,349	\$ 2,135,115	\$ 10,370,923	\$ 13,096,387
2003	\$ 3,390,786	\$ 2,162,007	\$ 15,636,825	\$ 21,189,618
2004	\$ 3,363,740	\$ 2,315,035	\$ 15,486,160	\$ 21,164,935
2005	\$ 3,603,967	\$ 2,435,037	\$ 15,697,584	\$ 21,736,588
2006	\$ 3,722,861	\$ 4,215,909	\$ 16,049,775	\$ 23,988,545

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Years 1997 Through 2006

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Miscellaneous</u>	<u>Culture & Recreation</u>	<u>Debt Service</u>	<u>Total</u>
1997	\$ 1,511,356	\$ 2,888,815	\$ 2,424,198	\$ 2,207,293	\$ 1,172,122	\$ 2,444,164	\$ 12,647,948
1998	\$ 1,861,531	\$ 3,312,901	\$ 2,230,364	\$ 8,138,744	\$ 1,356,215	\$ 2,087,885	\$ 18,987,640
1999	\$ 2,017,062	\$ 2,859,971	\$ 2,303,419	\$ 3,177,207	\$ 1,306,779	\$ 2,311,975	\$ 13,976,413
2000	\$ 2,145,631	\$ 2,992,703	\$ 2,406,268	\$ 2,303,681	\$ 1,263,707	\$ 2,734,904	\$ 13,846,894
2001	\$ 1,987,113	\$ 3,177,527	\$ 2,360,295	\$ 5,926,553	\$ 1,309,758	\$ 2,875,947	\$ 17,637,193
2002	\$ 2,107,030	\$ 3,334,687	\$ 2,239,998	\$ 5,647,526	\$ 1,359,845	\$ 2,583,665	\$ 17,272,751
2003	\$ 2,100,653	\$ 3,362,219	\$ 2,352,839	\$ 13,264,700	\$ 1,321,291	\$ 4,404,017	\$ 26,805,719
2004	\$ 2,276,924	\$ 3,596,160	\$ 2,529,753	\$ 9,582,886	\$ 1,472,386	\$ 3,596,628	\$ 23,054,737
2005	\$ 2,483,779	\$ 3,658,760	\$ 2,675,202	\$ 10,651,251	\$ 1,744,408	\$ 1,564,433	\$ 22,777,833
2006	\$ 2,638,867	\$ 3,890,662	\$ 2,865,920	\$ 14,431,623	\$ 1,732,007	\$ 2,317,583	\$ 27,876,662

CITY OF WILLMAR, MINNESOTA

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Years 1997 Through 2006

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental Revenues</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Miscellaneous Revenue</u>	<u>Total</u>
1997	\$ 2,831,346	\$ 252,461	\$ 4,002,191	\$ 592,115	\$ 167,667	\$ 3,153,959	\$ 10,999,739
1998	\$ 3,792,538	\$ 264,172	\$ 6,645,101	\$ 582,045	\$ 171,759	\$ 3,338,873	\$ 14,794,488
1999	\$ 4,114,563	\$ 253,227	\$ 5,031,749	\$ 565,650	\$ 184,519	\$ 3,489,245	\$ 13,638,953
2000	\$ 4,006,137	\$ 201,571	\$ 4,462,173	\$ 533,112	\$ 193,123	\$ 3,736,990	\$ 13,133,106
2001	\$ 4,523,868	\$ 443,817	\$ 5,325,273	\$ 630,335	\$ 192,660	\$ 3,492,241	\$ 14,608,194
2002	\$ 2,135,115	\$ 519,351	\$ 6,675,900	\$ 590,349	\$ 194,698	\$ 2,980,974	\$ 13,096,387
2003	\$ 2,162,007	\$ 800,093	\$ 9,058,086	\$ 948,305	\$ 203,121	\$ 4,405,980	\$ 17,577,592
2004	\$ 2,315,035	\$ 769,293	\$ 9,989,732	\$ 686,158	\$ 238,512	\$ 9,005,981	\$ 23,004,711
2005	\$ 2,435,037	\$ 707,981	\$ 6,047,404	\$ 739,782	\$ 230,762	\$ 7,779,869	\$ 17,940,835
2006	\$ 4,215,909	\$ 1,049,922	\$ 8,496,439	\$ 724,172	\$ 276,797	\$ 12,494,942	\$ 27,258,181

CITY OF WILLMAR, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Years 1997 Through 2006

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Per Cent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Collections As Per Cent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Delinquent Taxes as Per Cent of Current Levy</u>
1997	2,169,164	2,112,928	97.41	52,494	2,165,422	99.83	72,712	3.35
1998	2,053,655	2,012,158	97.98	44,940	2,057,098	100.17	68,999	3.36
1999	2,246,964	2,211,594	98.43	53,040	2,264,634	100.79	51,640	2.30
2000	2,375,593	2,274,251	95.73	50,288	2,324,539	97.85	116,765	4.91
2001	2,544,350	2,484,499	97.65	101,998	2,586,497	101.66	77,537	3.05
2002	1,917,749	1,866,708	97.34	57,195	1,923,903	100.32	71,459	3.73
2003	1,835,251	1,793,370	97.72	54,995	1,848,385	100.72	52,666	2.87
2004	2,069,429	2,024,475	97.83	42,263	2,066,738	99.87	57,332	2.77
2005	2,255,677	2,216,210	98.25%	47,857	2,264,067	100.37%	49,160	2.18%
2006	2,335,677	2,294,467	98.24%	35,021	2,329,488	99.74%	60,889	2.61%

CITY OF WILLMAR, MINNESOTA

TAX CAPACITIES AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

YEARS 1997 THROUGH 2006

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Population (*Census)	18,688	18,889	18,903	18,903
REAL PROPERTY				
Tax Capacity	9,820,780	9,420,703	9,199,605	9,410,190
Less: Tax Increment Districts -				
Highland #91	0	0	0	0
Center City #92	87,494	17,236	21,277	27,177
Theatre & Hotel #93	0	0	0	0
Shared Health #94	93,457	80,644	70,634	75,153
Phoenix #95	11,507	10,342	10,830	10,949
Somody #96	0	67,186	0	0
Accrupress #97	0	11,506	0	0
Brinton #98	5,865	4,950	4,965	0
Jennie-O #99	140,015	143,528	126,312	0
Holiday Inn #01	26,869	30,148	30,997	0
Bethesda #02	79,816	69,226	68,402	65,667
West Central Steel #03	13,887	17,070	17,260	22,852
Coborns #04	41,266	34,006	30,142	29,332
Relco #05	0	0	0	0
Lakewood #06	0	0	0	0
JOBZ	0	0	0	0
Net Tax Capacity	9,320,604	8,934,861	8,818,786	9,180,136
Estimated Market Value	472,461,500	507,984,100	540,156,800	561,261,400
PERSONAL PROPERTY				
Tax Capacity	145,453	124,868	110,645	116,966
Estimated Market Value	3,294,700	3,306,400	3,318,400	3,607,900
TOTAL REAL AND PERSONAL PROPERTY				
Tax Capacity	9,320,604	8,934,861	8,826,374	9,180,136
Estimated Market Value	475,756,200	511,290,500	543,475,200	564,869,300
PERCENT OF TAX CAPACITY TO ESTIMATED MARKET VALUE	0.019591	0.017475	0.016241	0.016252
PER CAPITA VALUATION				
Tax Capacity	499	473	467	485
Estimated Market Value	25,458	27,068	28,751	29,692
NET BONDED DEBT				
Net Bonded Debt per Capita	N/A	N/A	N/A	N/A
Net Bonded Debt per Tax Capacity	N/A	N/A	N/A	N/A

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
18,903	18,903	18,903	18,903	18,903	18,757
9,748,599	7,427,267	7,634,661	8,062,719	9,023,499	9,754,375
0	0	0	0	0	0
31,826	0	0	0	0	0
0	0	0	0	0	0
75,153	0	0	0	0	0
11,056	13,206	13,206	12,538	12,538	12,538
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
65,667	55,024	55,024	49,722	49,722	0
22,876	13,783	13,783	20,357	20,357	0
29,332	17,477	17,477	0	0	0
42,831	12,340	12,340	12,642	12,642	15,016
0	4,456	4,456	4,822	4,822	5,414
0	0	0	0	0	30,260
9,493,108	7,310,981	7,518,375	7,945,057	8,923,418	9,691,147
582,092,700	595,989,800	620,455,700	658,842,700	737,628,700	806,284,500
94,689	57,193	56,201	60,962	67,230	90,344
3,033,800	3,008,600	2,961,900	3,215,100	3,527,500	4,696,500
9,493,108	7,370,074	7,578,460	8,001,757	8,956,269	9,664,031
585,126,500	598,998,400	623,417,600	662,057,800	741,156,200	810,981,000
0.016224	0.012267	0.012156	0.012062	0.01210	0.01192
502	387	401	420	472	515
30,954	31,529	32,980	34,854	39,022	43,236
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WILLMAR, MINNESOTA

TAX CAPACITY RATES

ALL OVERLAPPING GOVERNMENTS

Years 1997 Through 2006

A 10-YEAR COMPARISON OF TAX CAPACITY RATES

<u>Year Tax Due</u>	<u>City</u>	<u>School</u>	***	<u>County</u>	<u>H.R.A.</u>	Rural Dev. Fin. <u>Auth.</u>	<u>Total</u>
1997	23.27	63.48		42.35	0.58	0.73	130.41
1998	23.11	63.24		45.67	0.65	0.76	133.43
1999	25.64	62.68		49.43	0.71	0.79	139.25
2000	26.09	56.42		54.15	0.71	0.78	138.14
2001	26.99	53.88		61.06	0.80	0.76	143.49
2002	26.36	24.49		77.89	1.17	0.91	130.82
2003	24.58	24.99		79.59	1.19	0.85	131.20
2004	26.20	25.71		78.25	1.19	1.32	132.67
2005	25.27	23.69		69.78	1.18	1.38	121.30
2006	24.10	23.31		64.22	1.19	1.64	114.46

*** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

TAX LEVIES

ALL OVERLAPPING GOVERNMENTS

Years 1997 Through 2006

A 10-YEAR COMPARISON OF TAX CAPACITY LEVIES

<u>Year Tax Due</u>	<u>*City</u>	<u>School</u>	<u>Market Value Ref.</u>	<u>**County</u>	<u>H.R.A.</u>	<u>EDC/ Rural Dev. Fin. Auth.</u>	<u>Total</u>
1997	2,168,904	5,916,533	291,876	3,995,090	53,686	67,853	12,493,942
1998	2,064,399	5,650,674	311,427	4,128,620	58,433	67,815	12,281,368
1999	2,262,729	5,532,283	334,133	4,362,435	62,844	69,375	12,623,799
2000	2,395,465	5,179,249	356,847	4,970,493	65,363	71,789	13,039,206
2001	2,562,285	5,115,076	374,426	5,796,871	75,660	72,432	13,996,750
2002	1,926,809	1,790,679	938,273	5,694,377	85,831	66,530	10,502,499
2003	1,848,317	1,878,692	967,051	5,983,799	89,393	64,207	10,831,459
2004	2,082,088	2,043,222	756,285	6,219,638	94,742	105,155	11,301,130
2005	2,254,502	2,114,047	760,160	6,226,940	105,564	126,357	11,587,570
2006	2,335,761	2,258,522	1,067,332	6,223,946	115,519	133,835	12,134,915

* This Levy does not take into consideration the small reduction that results from agricultural property.

** Includes Mid Minnesota Development Commission.

CITY OF WILLMAR, MINNESOTA

PRINCIPAL TAXPAYERS

December 31, 2006

Taxpayer	Type of Business	Market Valuation Payable 2007	Total Tax
Kandi Land 1999, LLC	Kandi Mall	\$ 9,364,300	\$ 309,458
Pioneer Health Systems, Inc.	Medical Center	8,883,000	293,490
Menard Inc.	Building Materials	8,592,900	283,866
Mills Properties, Inc.	Auto Dealership	6,129,300	196,274
Jennie-O Turkey Store, Inc.	Food Processing	5,588,500	182,934
Home Depot U.S.A., Inc.	Building Materials	4,057,600	133,412
Torgerson Properties	Hotel	3,949,200	128,620
Dayton Hudson Corp.	Target Stores	3,368,200	110,542
Hennen Holdings, LLC	Furniture	3,274,500	107,434
CenterPoint Energy Minnegasco	Gas Utilities	3,169,200	102,652

CITY OF WILLMAR, MINNESOTA

SPECIAL ASSESSMENT COLLECTIONS

Year 1997 Through 2006

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percent of Collections To Amount Due</u>	<u>Total Outstanding Current and Delinquent Assessments</u>
1997	633,043	497,619	78.61	316,870
1998	573,333	468,966	81.80	497,389
1999	667,124	635,086	95.20	66,649
2000	627,008	580,864	92.64	79,493
2001	540,155	490,620	90.83	88,907
2002	571,873	521,802	91.24	93,661
2003	566,469	503,488	88.88	120,056
2004	608,519	563,291	92.57	84,346
2005	657,968	615,429	93.53	80,524
2006	1,087,759	1,048,115	96.36	50,385

NOTE: Special Assessments are certified to the County Auditor of Kandiyohi County for collection. Special Assessment Bonds are general obligation pursuant to M.S.A. Section 430.12

CITY OF WILLMAR, MINNESOTA

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2006

Legal Debt Limit and Margin

Legal Debt Limit (2% of Estimated Market Value - \$ 909,952,200)	\$ 18,199,044
Less: Outstanding Debt Subject to Limit	\$ -
Legal Debt Margin as of December 31, 2006	<u>\$ 18,199,044</u>

General Obligation Debt Supported Solely by Taxes*

* Nothing subject to legal debt limit

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

Date of Incorporation	November 19, 1901
Date of Adoption of City Charter	November 5, 1968
Form of Government	Administrator
Fiscal Year Begins	January 1
Area - Acres (Land)	7,398
- Acres (Water)	1,229
Miles of Streets and Alleys:	
Streets -	
Paved	121.86
Sidewalks	65.00
Bike Paths	17.70
Building Permits	
Number of Permits Issued	
Year 2006	693
Year 2005	728
Year 2004	752
Year 2003	760
Year 2002	669
Year 2001	565
Year 2000	577
Year 1999	599
Year 1998	323
Year 1997	327
Estimated Construction Costs	
Year 2006	\$ 42,379,065
Year 2005	48,732,487
Year 2004	34,723,015
Year 2003	53,373,765
Year 2002	62,334,342
Year 2001	29,203,778
Year 2000	15,474,996
Year 1999	34,132,229
Year 1998	27,298,164
Year 1997	28,318,103

*Information obtained from various Departmental Reports

CITY OF WILLMAR, MINNESOTA

MISCELLANEOUS STATISTICAL FACTS

	<u>2006</u>	<u>2005</u>
Public Safety:		
Fire Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	3.00	3.00
Number of Volunteer Firefighters	45.00	45.00
Police Protection:		
Number of Stations	1.00	1.00
Number of Employees (Admin. & Clerical)	4.00	4.00
Number of Employees (Law Enforcement Labor Employees)	32.00	32.00
Total Number of Employees	<u>86.00</u>	<u>86.00</u>
Leisure Services:		
Number of Full-Time Employees	3	3
Number of Part-Time Employees	152	152
Number of Wading Pools	1	1
Number of Outdoor Swimming Pools	1	1
Number of Shelters	30	30
Number of Skating Rinks	4	4
Number of Hockey Rinks	2	3
Indoor Rinks	1	1
Tennis Courts - Lighted	10	10
Non-Lighted	5	5
Shared-Lighted	4	4
Lighted Softball, Football, Baseball and Soccer Fields	6	6
Miles of Hiking and Bicycle Paths	Est. 16 Miles	Est. 16 Miles
Number of Parks	37	36
Park Acres	310	308
Nature Areas	4	3
Parking Lots (Central Business District):		
Parking Spaces On Streets	380	380
Parking Spaces Off Streets	417	417

*Information obtained from various Departmental Reports